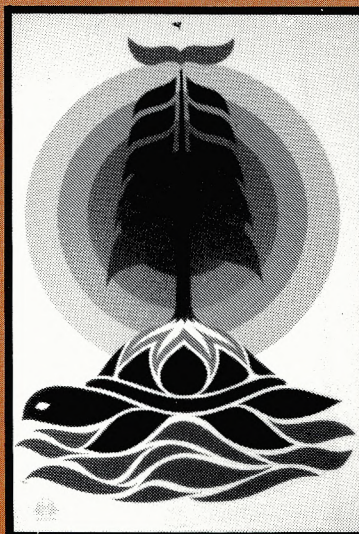
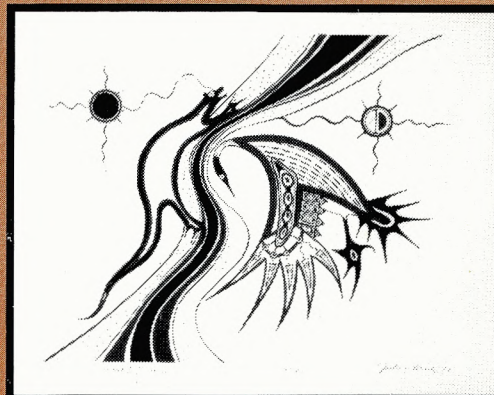




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et du Nord Canada



INDIAN ECONOMIC DEVELOPMENT EVALUATION

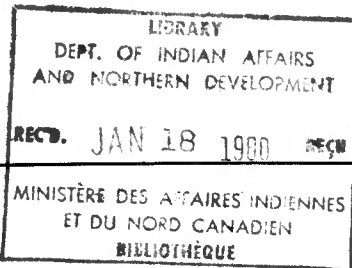
BRITISH COLUMBIA REGION

MAIN REPORT

AUGUST 1983

E78.B9
I635

WILLIAM KERR & ASSOCIATES



Prepared for
the
EVALUATION BRANCH
CORPORATE POLICY
DEPARTMENT OF INDIAN & NORTHERN AFFAIRS


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INDIAN ECONOMIC DEVELOPMENT EVALUATION
BRITISH COLUMBIA REGION
MAIN REPORT

AUGUST 1983



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- P Port Simpson*
- O St. Mary's*
- R Sliammon*
- S Tsheshat*
- T Nicola Valley Indian Association (NVIA)
- U Fishing
- V Sectoral Analysis of Project Funding (confidential financial information)

* available from Bands only

1.0 INTRODUCTION

1.1 STUDY BACKGROUND

In accordance with their five year plan for periodic program review, the Evaluation Branch recently initiated an evaluation of the Indian Economic Development Activity in the B.C. Region. In the 10 years since the Indian Economic Development Fund (IEDF) was launched, the activity as a whole had never been evaluated. A review was anticipated in 1979, however, the advent of "Stabilization", the restructuring of the "Fund" and the majority of the accounts, made such a review impractical at that time.

The field research for this evaluation was conducted in a sample of fourteen B.C. Indian communities during the period July 1982 to December 1982.

The evaluation was co-ordinated in B.C. through an Evaluation Advisory Committee, comprised of three representatives from the B.C. Region and Headquarters of DIAND and representatives for the Province's Indian people, three of whom were nominated by the B.C. Regional Forum. This committee was involved in the drafting of the Terms of Reference and in the selection of the consultants. The committee also assembled a sample of 15 Indian communities who had agreed to participate in the evaluation process. (See Section 3.0 for details of the sample composition).

The sample communities were selected on the basis of several parameters which resulted in a sample, acknowledged at the outset, as being skewed towards those bands that had the largest amount of economic development activity, and one that would be a very rich source, providing a broad range of relevant and useful data.

As is frequently the case, this review was not preceded by an "evaluation assessment" to identify specific key evaluation issues. Most of the major issues were developed by the Evaluation Advisory Committee during the course of the field work.

As no equivalent study of the IEDF and it's related activities had been conducted at the field level, this study also represented an experiment in methodology, the results of which could be valuable in the design of future field research. At the outset of the study, the level of disclosure and cooperation to be expected from the communities was an unknown, but critical, factor. Further the form and the quality of project data available at each community was unknown. This severely limited the opportunity for the use of a predesigned standardized research technique and interview format.

Although the focus of this review was the 10 year period of the Economic Development Fund (IEDF), it was agreed with the Evaluation Advisory Committee that the study include all major sources of economic development funding and support in B.C. This decision was based on the knowledge that the IEDF has, since its' inception, almost always been a co-sponsor of joint-funded projects, and that project success

could not be evaluated from an IEDF perspective alone. Further, it was agreed that there might be valuable insights gained from the observation of the field effects of these other programs.

This report provides the results of a review of all identifiable development projects in each of the 14 communities in the sample. One of the original 15 selected members of the sample withdrew during the course of the study. A new 15th community was added to the sample late in the work as an example of a community based development corporation. The evaluation is also based upon data gleaned from review of DIAND documents and interviews with staff at Region and District offices.

Several major constraints on the use and generalizations of the findings must be emphasized.

- a) The sample is neither random nor representative. The results cannot be statistically generalized.
- b) The data could not be gathered with standardized measuring tools. Each project yielded information in significantly differing forms, quantity and detail.
- c) The projects could not often be grouped into useful categories for analysis. The diversity of projects provided few valid opportunities to aggregate similar projects amongst communities and draw meaningful conclusions.

On the other hand, the field work did provide a wealth of detailed information on project histories and development.

The high level of co-operation from community and project leaders provided the study with a solid data base as well as an Indian perception of the various programs offered by government.

1.2 STUDY PURPOSE

The purposes of the study are:

to document changes in rationale, policies, and objectives of the Indian Economic Development Activity ("the Activity") since the inception of the IEDF,

to determine the effectiveness of the various operational modes and approaches; and,

to provide appropriate recommendations for short and long term improvements to DIAND Economic Development activities and programs.

1.3 REPORT STRUCTURE

The work comprises the main report and appendices A to V. Among Appendices E to T are a series of community profiles with detailed data from each of the 114 projects reviewed. Appendix V is a series of sectoral analyses of the same projects. This information has all been treated as confidential and the band profiles are only available by request from the specific bands. Appendix V, the analysis, is not available.

2.0 INDIAN ECONOMIC DEVELOPMENT ACTIVITY

2.1 BACKGROUND OF THE PROGRAM

In accordance with the terms of reference, the mandates as defined in Treasury Board (T.B.) Minutes, Orders in Council and Policy and Procedure Guidelines were studied. Detailed information is provided in the appendices as follows:

- Appendix A) Terms of Reference
- B) Program Background
 - Pre IEDF Background
 - The Introduction of the IEDF
- C) DIAND Economic Development Activity
 - The Activity Components
 - Funding Program Descriptions
 - Component Mandates
 - Delivery Mechanisms
 - Program policy and procedures
 - Activity Staffing
- D) Major (non-DIAND) Program Resources
- E) Formal Proposals from B.C. Indians

The highlights of this information are summarized below.

2.2 PRE-IEDF HISTORY

From the time of first contact with Europeans until the great depression of the 30's the Indian people of B.C. were significant participants in the province's general economy. For several decades Indian owned ranches and fishing fleets were the equal of the settlers. Participation in freight and transport services, logging, railway construction and other activities was also at a high level.

The depression marked the beginning of the disintegration of the Indian economy and the Indian workforce.

In 1939 the Department established the first revolving loan fund at a level of \$350,000. This loan fund built to \$6 million prior to the establishment of the IEDF in 1970.

During the 1960's there were a few economic initiatives in B.C., primarily large scale agricultural projects. In the late 60's the Indian Fishermen's Assistance Program (IFAP) was initiated to stem the rapid decline of the Indian fishing fleet.

Overall, during the pre-IEDF period few Indian initiated projects were underway, the bulk of the major projects being DIAND initiatives. Funding availability was severely limited for Bands who were unable to access banks and other normal lending sources due to provisions of the Indian Act that limited their ability to provide security for loans. As a result major projects were funded by means of Departmental appropriation.

2.3 INTRODUCTION OF THE IEDF

The IEDF was introduced in 1970 to provide a source of financial assistance for the development of new viable business on reserves. No quantified objectives were stated at that time. Although the T.B. submission outlined a schedule of disbursements over a period of years this timetable was not distributed at Region or Districts.

In 1972 the IEDF loan and grant function was enhanced by the provision of Loan Guarantees as a bridge for the use of commercial lending sources. Also in 1971 expanded provisions were made for Contributions as part of project financing options where warranted. In 1972 approval for the use of IEDF funds to assist existing businesses, as well as new, and to provide for contributions towards infrastructure was passed by Treasury Board.

In 1973 the first B.C. Policy and Procedure Manual was prepared for use by Department staff.

The Economic Development activity by '73 consisted of:

1. IEDF Loans
2. IEDF Loan Guarantees
3. IEDF Contributions
4. Appropriation Funds
5. Advisory Services
6. Band Economic Development Committees

Advisory Services comprised two activities, business services and technical services. The former was chiefly loan and grant application advice provided through Business Service Officers (loans officers), while technical services were provided by specialists in such fields as forestry, agriculture, arts and crafts and fisheries at Region and Districts.

The Band Economic Development committee program was funded separately from other IEDF activities in 1971 and provided for the establishment of economic planning groups at the Band level.

2.3.1 Program Mandate

Based on the understanding of DIAND staff and a review of all relevant materials the mandate of the program can be stated as follows:

"To assist Indians in developing and expanding viable business opportunities and to provide job opportunities for Indian people on and off reserve".

2.3.2. Program Activities

The Economic Development Activity is administered by the Director General, Resource Economic and Employment Development Branch. The IEDF is a segment of this program managed by the Economic Development Directorate.

Each Region has the authority to disburse a portion of the capital of the "Fund" in allotments up to an established level to a given account or project. The Region also manages the day to day activities of the IEDF program. An advisory board comprised primarily of Indian representatives, reviews funding applications made to the IEDF and makes recommendations to the Regional Director regarding acceptance or rejection.

Where applications exceed the Regional authorities the board recommendation is forwarded to DIAND Branch Headquarters (BHQ) where the BHQ Loan Board considers the proposal and makes recommendations to the Assistant Deputy Minister (ADM), Where the requests exceed Departmental authorities recommendations are submitted to the Treasury Board.

Loan guarantees are applied for by the commercial lending source directly to BHQ and are dealt with by the BHQ Loan Board. Details of delegated authorities for Loans, Guarantees and Contributions are outlined in Appendix C.

Business Service Officers (BSO's), at District Offices act as a liason between bands or businessmen and the IEDF activity of the Department. They are responsible for the preparation of the applications and complete backup support data on behalf of the client. The Business Service Officer is also responsible for the management of the District loan portfolio which involves the taking and maintenance of security, and the follow-up of loan payments in arrears.

2.3.4. Program Output

The main output of the program is financial support for Indian businesses. This support is provided in the form of loans, guarantees and contributions. In addition, there is limited management and technical advice available from Department staff, CESO workers, consultants and outside sectoral program personnel.

Since 1973 when the activity assumed most of the characteristics of its' present form, to 1982 an average of 79 clients per year have received a total of \$11,135,000 in contributions. During the same period direct loans and loan guarantees were provided to an average 49 clients per year for a total of \$16,539,000 (see Table 2-2 for details).

The expected program impacts are described in broad terms and concepts in a range of documents that differ over time and between organizational levels. Common to all descriptions of expected impacts are the following;

- the creation of viable businesses on reserve,
- increased employment opportunities on reserves,
- increased development activity on reserves,
- reduced dependance on social assistance and transfer payments, through increased personal and family incomes,
- improvements in work habits, attitudes towards work,
- the provision of effective role models in the community,
- the creation of working links between the Indian communities and outside businesses and financial institutions,
- the training of a management core at the band level,
- improvement in the quality of project operations and management,
- increased Indian control of their own economic development.

2.4 IEDF STABILIZATION

While today the operation of the IEDF is very much as it was established with respect to mandate, policy and documented form, the stabilization period is still a benchmark of program change. Prior to stabilization, policy and procedures, guidelines and the regulations were interpreted in an expansionary environment. There is evidence that a major thrust was made to disburse the funding quickly and get it working for the benefit of Indian people.

Pursuant to reviews of the direct loan and loan guarantee program of the IEDF by Woods, Gordon in 1976 it was recommended that the Department initiate a full reassessment of the Fund investment portfolio. A task force was struck to review every loan and guarantee account in the IEDF portfolio. A Treasury Board Submission was prepared that provided for the stabilization of some 72 accounts in B.C. by means of loan reductions, contributions and deletions at a cost of \$4.6 million over the three year period from fiscal year 77-78 to 79-80.

During the Review, the effect of having attempted to accelerate the disbursement of funds became evident. Some revisions of regulations were made. (See Appendix C). Chief amongst these were short term severe lending and granting authority reductions at the regional level, followed by long-term, less austere measures. Other policy and procedure changes were immaterial. However, the attitude of program administration from Ottawa to the district levels changed very substantially. Policy was interpreted with a more conservative and prudent attitude. The effect can be seen in smaller loans, better collection policy, less highly levered financing, and a greater use of contribution money from all sources in projects in the post stabilization era.

2.5 FORMAL PROPOSALS FROM B.C. INDIANS

A detailed history of formal Indian proposals is provided in appendix E. These initiatives have not had a significant direct effect on the Activity. The specific recommendations made have not been officially implemented by DIAND.

The B.C. Indian proposals are best summarized in the "8 point plan of the B.C. Task Force", as follows:

1. National DIA economic development budget be distributed to the Regions on a per capita basis. No special funding agreements (James Bay) to be taken off the top.
2. Regional allocation of these funds be distributed per capita to all Bands in British Columbia.
3. Sectoral programs to be restricted to advisory and training functions. No authority to allocate development money.

4. Band level authority for all training and planning funds. All Regional funds pooled and distributed per capita to Bands (Local Government, Planning, Training, Economic development).
5. DIA not to monitor funds.
6. IEDF loan fund to be a Provincial fund retaining repayments and having control over interest rates. 100% Indian control - long term.
7. A resource centre to be set up as a referral service on Economic development.
8. The National economic Task Force in B.C. be under the control of the B.C. Task Force. Adequate funds to be given to Band to determine long term development needs.

These proposals have had significant impact on the thinking and behaviour of DIAND staff in terms of staff recognition of the desire of Indians to have material input on all aspects of economic development from project level to policy level.

2.6 MAJOR DELIVERY MECHANISMS - DIAND

For most new Indian businessmen, or bands new to economic development the DIAND services are the first outside source of assistance that is sought. A typical first step for such a business is to approach district staff with informal inquiries regarding a concept. The Business Service Officer (BSO) at the District office will provide advice on preparation of proposals and will suggest appropriate funding sources. Frequently, the B.S.O. will direct the client to non-DIAND services and funding. The listing below provides an outline

of the major delivery mechanisms for DIAND financial and advisory services.

District Business Service Officers (BSO's) DIAND staff members located in District Offices whose function is to assist Indian businesses and liase between client and the Department, BSO's assist in preparation of proposals, act as advocates in seeking DIAND Regional level support and provide business guidance and advice to the client. BSO advisory support in identifying and securing sources of financial support is their key delivery role.

A history of District Staffing levels and current staffing is offered in Appendix D.

IEDF Direct Loans - The IEDF is a source of business financing for Indian projects, offering loans for fixed assets and working capital at an interest rate equivalent to loans made under the Small Business Loans Act. It is managed by the Business Service Division, DIAND, through Regional units. All loans are secured and scheduled repayments are essential. Initiated in 1970, the fund disbursed 391 loans totalling \$12,809,509*, with an average 33 clients per year since its inception.

IEDF Loan Guarantee - Introduced in 1971, this program offers loan security (not available under Section 89 of the Indian Act) to commercial lenders (Banks and Credit Unions), who provide financing for Indian business projects. The Bank

* Source - B.C. Program Review, 1981-82, DIAND, Vancouver, B.C.

makes its normal evaluation of the loan and takes normal security as available. Only a portion of the loan may be guaranteed. A total of \$6,237,147 in loan guarantees have been extended in B.C. with an average of 9 clients per year.*

IEDF CONTRIBUTIONS - These comprise non-repayable funding provided to meet the unique problems faced by Indian businessmen who lack the equity and cash flow to initiate development projects. Contributions are offered primarily for planning, start-up, infrastructure, and other non-revenue-producing phases of business development. Since its introduction in 1971 the program has made 586 contributions for a total of \$12,394,093* to an average 49 clients per year.

The Development Project Fund (DPF)

This fund was established in 1979-80 by combining discretionary budget allocations of Economic Development, Social Development, Local Government and Education (See Appendix D for details). The principle objective of this action was to provide funding to meet Indian objectives that did not fit the narrow and sometimes restrictive criteria of Department programs. The DPF would, it was felt, bring the decision making process closer to the band level and involve Indian people in the process. Uses permitted include:

- a) Band and Community Planning,
- b) Financing a staff developmental capacity at the Band/
District Council level.

* Source - B.C. Program Review, 1981-82. DIAND, Vancouver, B.C.

- c) To provide basic equity funding for small economic projects which indicate viability.
- d) To provide front-end developmental funding for projects which are exploratory or developmental.
- e) To fund activities/projects eligible under existing Preventive Social Services, BWP & WOP Guidelines.
- f) To supplement or fill fundings gaps within job creation programs.
- g) To provide special placement and relocation services not available from other sources.
- h) To cover special training needs in the fields of vocational training, training-on-the-job, adult education or band training.

The DPF has allocated \$6,712,000 since its inception.

Band Works Process BWP

This program was the successor of the Work Opportunity Process (WOP) originally developed at branch headquarters in 1973. BWP is now part of the Development Project Fund.

The BWP & WOP programs provided a means for bands to employ social assistance recipients on short and long term projects utilizing the employees social assistance allotment as a project financial resource.

Band Works Process and its predecessor have passed back and forth between Community Affairs, Social Development and Economic Development.

The Special Project Fund

The Special Project Fund was a one-time allotment to support viable projects that would not require additional funding. This Fund made use of funding reserved for another Department which became available midway in Fiscal Year 81-82.

Details on the project's eligibility and the provisions and regulations of this fund are noted in Appendix D.

Some \$1,137,000 was allocated in a period of seven months to 142 projects.

Band Economic Development Committees Program

This program ran from 1970 until it became part of the Development Project Fund. It provided funds for Economic Development planning at the Band level by Band members with modest consultant assistance.

2.7 CO-ADMINISTERED DIAND/INDIAN DELIVERY MECHANISMS

Indian Fishermen's Assistance Program & Indian Fishermen's Emergency Assistance Program

Both these programs were co-administered between the Indian Economic Development activity and Indian Associations. The funds, however, came from the Economic Development "envelope". Because both programs have been independently reviewed and because they have both terminated, they were not included to any great extent in this review. Details and a summary

of their affects is offered in Appendix U, entitled "Indian Fishing".

B.C. Arts & Crafts Society

The B.C. Arts and Crafts Society is in effect the B.C. Regional operating arm of the National Indian Arts and Crafts Corporation. This Society offers grants to artists and craftsmen as well as arts and craft groups. They also provide training, marketing assistance and raw material supply co-ordination. This program has been funded to the extent of \$749,100 from fiscal years 1978/79 to 1982/83.

This program has been evaluated at the Regional and National levels.

Western Indian Agricultural Corporation (WIAC)

This non-profit, no shareholding corporation owned by the Union of B.C. Indian Chiefs provides extension services to Indian farmers and ranchers in B.C. The extension services comprise on-farm technical advise, training courses and assistance to apply for various funding programs. WIAC also carries out the knapweed control spraying program on Indian reserves and 4H Club operations.

The Corporation does not provide any funding to its clients.

Other Associations

Funding has been provided to a variety of other Indian Associations for various purposes. These associations' funding as well as those discussed above are outlined in Table 2-3.

Mega Project Funding

Several Tribal Councils and Bands have received funding to study the expected impacts of Mega Projects on their people. Funding amounts are laid out in Table. 2-4.

Port Edward Fishing Fleet

Four North Coast District & Tribal Councils, many of whose members were involved in the coastal fishery as operators of boats leased from B.C. Packers, negotiated funding to purchase this fleet when B.C. Packers threatened to sell the boats on the open market. Funding for the purchase and relevant administration amounted to \$4,200,000 in 1982.

2.8 MAJOR NON-DIAND FUNDING SOURCES

2.8.1 General

While the Department was the major, if not the sole source of Economic development Resources in the early 70's, a host of other sources soon developed. By 1976 the following funding programs were widely used by bands throughout the Province.

Federal Government

Department of Regional Economic Expansion (DREE)

- The Special Agriculture & Rural Development Agreements (Special ARDA or SARDA)

Canada Employment & Immigration (CEIC)

- Local Employment Assistance Program (LEAP)
- Canada Community Development Program (CCDP), and predecessors, Federal Local Initiative Program (FLIP), Canada Works, etc.
- Canada Community Services Program (CCSP)

Farm Credit Corporation (FCC)

Provincial Government

First Citizens Fund

Special ARDA (SARDA) Agreements

The first SARDA agreement signed in August 1972 became operational by mid 1973. SARDA provides, through grants, a proportion of fixed asset costs, start up and training costs of projects developed by Bands and associations as well as non-Indians that will employ people of Indian ancestry. Employees then include status and non-status Indians. Grants up to \$500,000 at a maximum of \$30,000/job created are available. Since 1976 ARDA has provided \$16,512,000 to bands and must be considered the major funder in this activity. The program has operated under a series of agreements and currently the last agreement extension is scheduled to terminate in March 1984. The future of the program is in doubt.

Local Employment Assistance Program (LEAP)

This program provides project support through wage and benefits subsidy, overhead costs assistance and modest fixed capital costs, for periods up to three years. While various grant authority levels are involved, the maximum support in the first year is \$250,000 under most circumstances, in subsequent years the sum is reduced. Bands and associations are eligible sponsors.

Canada Community Development Programs (CCDP)

This program tends to be used sparingly for long term development projects, but it is a major source of "work-type" project funding. The program is the successor of Canada Works and Winter Works, and similar term programs. Like its antecedents, it operates on a fixed term duration with terms established on a needs basis as indicated by levels of employment. Bands and Associations are eligible recipients.

Canada Community Service Programs (CCSP)

This program provides funding for Community Service Programs for up to 3 years on a diminishing basis. The projects may be applied for at anytime. Only Bands, as communities, are eligible.

Farm Credit Corporation (FCC)

Farm Credit Corporation has been involved in finance of Indian agricultural operations for both bands and individual since the early 70's. DIA guarantees these loans. The program faltered in the mid-70's over guarantee disputes, but by 1977 the program was reactivated. Loans of up to \$200,000 are provided to individuals while corporate entities are eligible for up to \$400,000 at favourable interest rates.

Province of British Columbia, First Citizens Funds

Under the Surplus Appropriation Act of 1969, a \$25,000,000 fund was invested in various provincial government bonds and crown corporations. The interest from the bonds accrues

for use in Native projects. The fund supports, by grant, athletic, cultural, social and economic activities. Band economic development projects are eligible for grants up to \$100,000 while individuals can receive up to \$20,000. Between 1976 and 1982 bands and status indian individuals received in excess of \$2,800,000.

2.9 SUMMARY OF ECONOMIC DEVELOPMENT PROGRAM RESOURCES & FUNDING

The various DIAND and outside program resources currently in use have by and large been operational since the "Stabilization Era". The following table portrays the funding activity of these resources since that period (1976-82) (Table 2-1).

TABLE 2-1
B. C. REGION
ECONOMIC DEVELOPMENT FUNDING BY
SOURCE AND TYPE OF FUNDING
(1976-1982)

<u>Sources</u>	<u>Contributions</u>		<u>Loans & Guarantees</u>		<u>Funding Total</u>	
	<u>(\$000)</u>	<u>(% of Tot.)</u>	<u>(\$000)</u>	<u>(% of Tot.)</u>	<u>(\$000)</u>	<u>(% of Tot)</u>
<u>DIAND</u>						
IEDF	2,180	3	2,642	37	4,822	7
IEDF Stabil.	2,390	4	-		2,390	3
IFAP	2,210	3	2,702	37	4,912	7
IFEAP	2,000	3	900	13	2,900	4
Pt. Ed. Fleet	4,199	7	-		4,199	6
DPF	6,712	11	-		6,712	9
SPF	1,137	2	-		1,137	2
Associations	5,245	8	-		5,245	7
Mega Proj.	1,812	3	-		1,812	3
TOTAL DIAND	27,885	44%	6,244	87%	34,129	48%
<u>DREE</u>						
SARDA	16,412	26	-		16,412	23
ARDSA	5,301	8	-		5,301	8
TOTAL DREE	21,713	34%			21,713	31%
<u>CEIC</u>						
LEAP	11,325	18%	-		11,325	16%
Other CEIC	n.a.				n.a.	
<u>PROVINCE</u>						
1st Citizens	2,804	4			2,804	4%
Farm Credit Corp.			973	13%	973	1%
NON-DIAND TOTAL	35,842	56%	973	13%	36,815	52%
TOTAL ALL SOURCES	63,727	100%	7,217	100%	70,944	100%

* Excludes commercial loans and band funds.

The effect of the "Stabilization Era" is depicted in IEDF funding activity in table 2-2. Prior to "Stabilization" loans and loan guarantees exceeded contributions by a ratio near 4 to 1. Since stabilization, the ratio has almost reversed. The loan amounts per transaction have also reduced.

TABLE 2-2

SUMMARY OF INDIAN ECONOMIC DEVELOPMENT FUND (IEDF) DISBURSEMENTS

B. C. REGION

(\$000)

Year	Loan		Loan Guarantees		Loan & Guarantee Sub- Total	Contributions		Loan & Contb'n. Total
	#	Amount	#	Amount		#	Amount	
1970-73(1)	366	3,907(1)	5	205	4,112	43	827	4,939
73-74	45	3,465	17	219	3,684	47	819	4,503
74-75	47	1,064	12	886	1,950	52	712	2,662
75-76	51	2,002	15	2,959	4,957	74	1,160	6,121
76-77	44	1,523	10	879	2,402	47	1,047	3,449
77-78	(2)		3	382		(2)		3,938
78-79	37	564	13	215	779	121	2,588	3,367
79-80	12	221	6	131	352	32	1,218	1,570
80-81	28	686	11	210	896	44	1,402	2,299
81-82	41	996	11	146	1,142	212	2,189	3,333

(1) Includes IFAP

(2) Data confused, may include stabilization

TABLE 2-3

FUNDING FOR ASSOCIATIONS FOR
ECONOMIC DEVELOPMENT PROGRAM DEVELOPMENT
AND SECTORAL PROGRAM DELIVERY

NAME	77/78	78/79	79/80	80/81	81/82	82/83	TOTAL
B.C. Arts & Crafts Society	--	\$ 99,100	--	\$ 250,000	\$ 200,000	\$ 200,000	\$ 749,100
U.B.C.I.C.	--	6,000	122,000	--	616,000	--	744,000
Native Brotherhood Program Development	--	10,000	60,000	78,000	116,000	200,000	464,000
N.B.,I.F.A.P. Residual Admin.	--	--	--	176,000	176,000	182,000	534,000
Western Indian Ag. Corp. Program	--	65,300	60,000	542,100	542,100	705,000	1,914,500
W.I.A.C. Knapweed Control	--	--	--	60,000	65,000	96,000	221,000
The Alliance	--	--	--	25,000	--	--	25,000
Nuu-Chah-Nulth Forestry	--	48,500	--	25,000	60,000	60,000	193,500
Native Brotherhood Pt. Edwards	--	--	--	100,000	230,000	3,869,300	4,199,300
Gitksan-Carrier Fish Mgt.	--	--	--	100,000	100,000	100,000	300,000
Nisnga Tribal Council Pearse Commission Submission	--	--	--	--	50,000	--	50,000
Native Brotherhood Pearse Commission	--	--	--	--	50,000	--	50,000
IFEAP Admin - Nuu-Chah-Nulth	--	--	--	--	--	60,000	60,000
- Native Brotherhood	--	--	--	--	--	122,400	122,400
		\$ 228,900	\$ 242,000	\$ 1,356,100	\$ 2,205,100	\$ 5,594,700	\$ 9,626,800

TABLE 2-4
D.I.A. MEGA PROJECT SUMMARY (CONTRIBUTIONS)

971	Gitksan Carrier	210,000
972	Bella Coola	Ø
974	Nanaimo	95,000
975	Fort St. John	135,975
978	Campbell River	25,000
981	Central	115,380
985	Prince George	140,250
986	Northwest	962,830
987	Vancouver	97,750
989	Williams Lake	Ø
901	Associations (Provincial)	30,000
<u>TOTAL:</u>		<u>1,812,185</u>

3.0 METHODOLOGY

The study activity was undertaken in two phases. In phase I all the available previous program reviews and formal documentation were studied, primarily at the DIAND Regional Office. Extensive interviews were undertaken with DIAND staff. Phase II consisted of visits to the sample communities where files and records were reviewed, projects observed and project staff and community members interviewed.

No standardized data gathering was feasible. The quantity and content of the data available at each community differed significantly. Interview techniques were adjusted on an ad-hoc basis both to ensure continued co-operation and to emphasize the issues perceived as most critical by the respondents. The files and documents at the communities were generally incomplete but provided ample detail for some projects and/or some time periods at each location.

Project and Band files held at District Offices were reviewed as necessary to complete data needs with the band's permission.

The first phase required that the history of the program since 1972 be studied; the mandates be determined and understood; policy manuals be gathered, interpreted and verified; and that the general evolution of today's activities be documented.

Particularly significant were "The Economic Development Strategies": Formal Proposals from B.C. Indians". A large part of the basis of evaluation from an Indian perspective was gathered from research of these Task Force activities from 1976 to date.

As part of Phase One, the objectives of the Activity as recorded through the decade, and the objectives of the relevant programs were documented and analyzed for congruence and suitability. The growth of the programs O & M spending and program investment in projects by means of contributions, loans and loan guarantees for the decade was tabulated. A comparison of DIAND investment by program versus DREE (special ARDA), CEIC (LEAP), B.C. Province (1st Citizens Fund) and Farm credit Corporation contributions was made for the period 1976 to 1982.

Descriptions of the DIAND Economic Development Activity Programs and documentation of their mandates as evidenced by Treasury Board Minutes and Privy Council Orders was included. Policy and Procedure Manuals from 1973, 1978 and later were compared and contrasted. Staffing as it effected the activity, from the gradual expansion to serve all the province by 1977, to date, was studied. The major programs of other departments active in Indian Economic Development and their policies were documented for comparison.

Phase II involved the study of projects in the field at the 15 sample communities identified in the "Terms". Some 115 projects including successes and failures, those on going and terminated, approved and rejected as well as some projects refused even formal consideration were reviewed. Projects were assessed in terms of their own as well as program objectives. Source and application of funds were noted where possible. Extensive discussion with project leaders and file reviews on site allowed detail to be gleaned on planning, startup and operations stages of projects.

The fieldwork consisted primarily of tracing the history of individual projects, one by one at each community. Emphasis was placed on the stages; concept, planning, funding, start-up, operation. Financial records and documentation were rarely complete for any project. Changes in management often created gaps in the chronology of the data. While 'hard data' from files (such as number of employees at a given time) was only sporadically available during the field work, input from the project leaders was detailed and abundant during virtually all interviews.

Finally interviews were conducted with band "leaders". These interviews did not in all cases include the chief, but rather designated spokespersons, councillors, ex councillors and influential elders and others. Such interviews, formal and informal, amounted to more than two or three hours at most communities.

4.0 THE STUDY SAMPLE

The selection of 15 communities evolved from the original intent to sample approximately four projects at 25 different bands, specially selected to represent each Tribal/District Council, varied band sizes and varying types of economic activity. A lack of response led to a decision by the Evaluation Advisory Committee to focus on the community and attempt to gather all project data at a given site.

The actual sample was reduced to 15 respondents at the outset of the study, and was further reduced to 14 when one community withdrew during the course of the study.

A 15th sample member was added to the report as an example of a successful community based development corporation. This community was induced to participate late in the study and only their Development Corporation was reviewed.

The 15 communities in the sample differ significantly, offering a realistic model of the range and quality of differences between the communities making up the B.C. Indian population.

The sample includes representatives of the inland ranching and farming communities, several coastal fishing communities, isolated remote reserves and one engulfed by the City of Vancouver. Several communities have been active in development projects since before the IEDF, while others have only just begun.

Of the 15 sample communities, 12 are single bands. St. Mary's Reserve in Cranbrook is the seat of the Kootenay Indian Area Council (KIAC), whose staff work with five bands in the area. Similarly, "Burns Lake", as described in the "Terms" is in fact the Burns Lake Development Corporation, working on behalf of four bands in seven residential communities. The 15th community selected by the consultants is the Nicola Valley Indian Association (NVIA), comprised of five bands situated in Merritt, B.c.

The following table depicts the community population mix.

TABLE 4-1
Sample Population Profile

15 Indian Development communities
(Comprising 3 groups of 14 Bands and
12 individual Bands for an overall total of 26 bands)

<u>Population</u>	<u>#</u>	<u>Sample Members</u>
1,000+	3	(Cowichan, Pt. Simpson, NVIA (5 bands))
750-999	3	(Bella Bella, Burns Lake (4 bands and KIAC (5 bands))
500-749	1	(Nimpkish Band)
250-500	5	(Sliammon, Musqueam, Tsheshat, Alkali Lake and Kitsegukla)
less than 250	3	(Metlakatla, Canyon city, Ft. Ware)

The sample comprises 8 coastal bands and 7 interior communities whose bands total 18 (4 bands plus 3 groups representing 14 bands).

The population of the communities is slightly in excess of 7500 or about 15% of B.C. Status Indian populations and a like proportion of the Region's number of bands.

Data with respect to each community is provided in Appendices F to T. A large quantity of the data was obtained in confidence, also details of loans are presented. For these reasons, the appendices have very limited circulation. If copies of the community reports are desired, the authority for release rests with the Band Council of each community.

The listing below provides a very brief description of each of the 15 sample communities.

Alkali Lake Band (Appendix F)

This Shuswap Band of approximately 300 people is situated in the Cariboo District of North Central B.C. near Williams Lake. The Band has 14 reserves of some 10,000 acres in total and has been active in economic development since 1975. Ranching and forestry are the area's as well as the Band's principal activities. Five projects were reviewed.

Bella Bella Band (now the Hieltsuk Band), Appendix G

This central coastal fishing community on Campbell Island is only accessible by plane and passenger ferry and numbers 1200 people. While relatively isolated, Bella Bella's size has allowed it to be well served with schools, hospital, hotel and stores, etc. The Band has been active in development since 1972. Seven Band projects were reviewed, most of which date back to the early 70's.

Burns Lake Bands (Appendix H)

In 1975, four Bands in school district #55 established the Burns Lake Native Development Corporation in conjunction with the local Non-Status Indian Association. This Indian community is situated in the Lakes District of B.C., between Prince George and Terrace, a mining and farming area and numbers about 1500 people, excluding non-status Indians. Some 39 projects were surveyed. The area's principal activities are mining, agriculture and forestry.

Canyon City Band (Appendix I)

An isolated community accessible by logging road, some 70 miles north of Terrace, B.C. This village of about 200 people is located on the Nass River at a key fishing location. Canyon city and the other Nishga villages are the only communities in the extensive valley. Traditionally fishermen, the village has recently entered into the forest industries. Seven projects were reviewed.

Cowichan Band (Appendix J)

B. C.'s most populous band with 1500 members and affiliates on reserve, Cowichan is sited on a large river delta, near Duncan on south Vancouver Island. This band's economic activity predates the IEDF. Their major project, a farm complex, was established in 1969. Its' failure in 1976 was a serious setback but economic development is now underway again. Seven projects were reviewed.

Fort Ware, (Appendix K)

This small band of 150 people is doubtless B.C.'s most inaccessible. Fort Ware is situated some 50 miles beyond the head of Williston Lake and is accessible only by chartered air service at a cost of \$1,000 approximately. The residents are supported in part by hunting, trapping and guiding as well as transfer payments. Economic development activity commenced in 1980. Four projects were reviewed.

Kitsegukla (Appendix L)

This band of 300 people is situated near Hazelton on the Skeena River and Yellowhead Highway in Northwest B.C. The band members have been fishermen for generations and continue to migrate to the coast at Prince Rupert each season. Recently the forest industry has become more prominent in their area. Four projects were reviewed.

Metlakatla (Appendix M)

This small village of 90 people is accessible by boat, a short distance up the coast from Prince Rupert. Metlakatla has only recently become active in Economic development. Despite the proximity of Prince Rupert, no permanent residents of Metlakatla work there, yet school children commute. There is little employment in the village. Six projects were surveyed.

Musqueam Band (Appendix N)

Musqueam Band, totally surrounded by urban Vancouver, has a population of some 350 people. The thrust of economic development has been residential land development and leasing. Employment creation, economic development projects have been few. Four projects were reviewed.

Nimpkish Band (Appendix O)

Situated on Cormorant Island off the east coast of Vancouver Island, adjacent to Alert Bay this community of 850 people is totally fishing oriented. Economic development activity oriented to reducing their dependance on this declining industry has been underway since 1974. Eight projects were reviewed.

Port Simpson (Appendix P)

Perhaps B.C.'s second largest band, Port Simpson is some 35 miles up the coast from Prince Rupert. This community is totally fishing oriented. Port Simpson has the greatest number of reserves of any band. The reserves are all fishing locations on major rivers of the area. Access to the community is by seaplane or boat. A dynamic community that boasts a cannery, Port Simpson is rapidly becoming a developed centre. The Dome Petroleum LNG Plant is to be sited adjacent the reserve and road access will be developed. Eight projects were surveyed.

St. Mary's (Appendix Q)

St. Mary's Band is situated in the south eastern corner of B.C., adjacent the City of Cranbrook. This small band is very progressive and provides the leadership for the Kootenay Indian Area Council. The band is agriculturally oriented in an area where forestry and agriculture are the mainstays of the economy. Some 5 projects were reviewed.

Sliammon (Appendix R)

The Sliammon Band is situated on the Malaspina Peninsula, some 50 miles from Vancouver, but 5 to 6 hours distant as two long ferry crossings are involved in road travel. The Community is adjacent the pulp and paper town of Powell River. A band of some 450 members are fishing oriented but the fleet has been lost through various means of attrition. Five projects were surveyed.

Tsheshat (Appendix (S))

The Tsheshat Band, like Sliammon, is situated adjacent a large pulp and paper community, Port Alberni. Tsheshat is on the West Coast of Vancouver Island and relatively accessible. The band has a fishing orientation, but their fleet has also diminished. Many members are involved in the forestry and milling aspects of the local economy. Five projects were surveyed.

Nicola Valley Indian Association (NVIA) (Appendix T)

The NVIA was formed in 1973 by the five bands of the Merritt area in B.C.'s South Central Interior (200 miles east of Vancouver) to provide all local government services. At this community, no projects were surveyed but rather their Development corporation was the focus. NVIA is B.C.'s first Local Employment Development Corporation (LEDA Corp.).

Project Sample

Of the 115 projects surveyed, only 90 could be classified in terms of success or failure. The balance were rejected, discontinued, or currently in early proposal stages. Funding data that was substantially complete for the start up period was only available for 79 projects. Of these 79 some 13 provided no jobs of a continuing nature. All funding costs per job data is based on a sample of 66 projects. Table 4-2, which follows, offers a breakdown of the status of the projects in the sample by band. The table indicates the numbers rejected, in process, or incomplete and offers an insight into the nature of data collection at the reserve level.

TABLE 4-2															
Alkali Lake	Bella Bella	Burns Lake	Canyon City	Cowichan	Ft. Ware	Kitsegukla	Metlakatla	Musqueam	Nimpkish	Pt. Simpson	Project Sample Profile			Total	
											St. Mary's	Sliammon	Tsheshat		
6	7	39	7	9	5	4	5	4	8	7	4	5	5	115	NO. OF PROJECTS DESCRIBED
		(15)						(1)				(1)		(2)	rejected out of hand by funder
		(2)	(1)		(1)		(1)						(1)	(15)	rejected at committee level
				(1)	(1)									(1)	discontinued by agency
														(5)	early in proposal stage currently
														(2)	success/failure not known
6	7	22	6	8	3	4	4	3	8	7	4	4	4	90	ASSESSED VIS A VIS SUCCESS/FAILURE
(1)		(2)		(1)		(1)								(5)	no funding data available
		(2)												(2)	incomplete funding data
		(2)							(1)					(2)	insignificant funding (less than \$1,000)
											(1)			(1)	funding not finalized
											(1)			(1)	no funding required
5	7	16	6	7	3	4	3	3	7	7	3	4	4	79	FUNDING DATA AVAILABLE
	(3)	(1)	(1)	(1)	(1)		(1)		(1)	(3)				10	Short Term projects (make work)
															removed from jobs cost data as no jobs provided
5	4	16	5	6	2	4	2	3	6	3	3	4	4	66	COST/JOB DATA ASSESSED

5.0 EVALUATION ISSUES

The evaluation issues given in the "Terms" were acknowledged as the central issues. Several other areas of effectiveness of the program and its impacts were developed in Phase I. Many of these were to become issues worthy of evaluation. The terms of reference indicated key subjects of interest, while Phase I results provided an additional list of hypotheses which served as a guide for field research. Several of these hypotheses were discarded when field response proved them to be irrelevant or impossible to assess.

The need to supplement the given issues resulted in an overabundance of anecdotal data. This data yielded valuable insight into the activity, but much of it could not be analyzed to any great extent. Nevertheless, some very important issues, like training availability, and technical assistance could only be dealt with in this manner.

The issues given in the "Terms" and refined in Phase I have been grouped into issue areas as follows:

Issue Area 1: Economic Development Activity Assessment
(broad activity issues)

Issue Area 2: Project Related Issues (Success/Failure)

Issue Area 3: Delivery system Issues

Issue Area 4: Indian Perception Issues

Issue Area 5: Community Based Development Issues

Issue Area 1: Economic Development Activity

These issues relate to the success/failure of the whole activity and its major program components in terms of the anticipated impacts and effects and quantified program objectives.

The issues related to anticipated impacts are:

Employment creation.

Creation of viable commercial ventures.

Increased development activity on reserves.

Reduced dependence on social assistance and other transfer payments.

Improvements in work habits and attitudes towards work.

The provision of effective role models in the community.

The creation of working links between Indian communities and outside business and financial institutions.

The training of a management core at the band level.

Increased Indian participation in design and delivery.

Improvement of Indian's economic circumstances.

Improvement of Band's capacity to plan and execute projects.

Issue Area 2: Project Related Issues (Success/Failure)

These issues relate to the success/failure of individual projects and are the lessons to be learned from the experience of the sample group.

Factors contributing to the success/failure of projects.

Comparisons of projects by sector in terms of:

success/failure

job creation

costs per job created.

Community development stages and readiness.

Support systems associated with successful projects,
i.e. forms of assistance, accounting ability, etc.

Issue Area 3: Delivery System

Issues related to the delivery of financial support and technical guidance. Have delivery systems hindered the effectiveness of the activity?

Levels and type of funding provided.

Extent of participation.

Problems in delivery.

Staffing and delivery.

Changes in delivery system.

Issue Area 4: Indian Perception Issues

Relating to the perceptions of the activity by the Indian people:

Community Members

Community Leaders

Perception of IEDF service

Complaints and shortcomings

Issue Area 5: Community Based Issues

Issues relating to community based economic development, community readiness and community effects.

Bottom up vs top down development.

Client capabilities & Community Readiness

Leadership

Appropriateness of Work

Individual vs Community Projects

Learning on the Job

6.0 FIELD OBSERVATIONS, DATA & FINDINGS

6.1 GENERAL DATA

The findings and field observations and data have been grouped as much as possible into the 5 issue areas. There is of course, base data that is relevant to several issue areas and these are noted.

The section that follows immediately outlines some basic sample composition background data which sets the scene or a conceptual framework of what is taking place in the sample and by and large the Region as a whole. Issue area data follows.

6:1.2 Sample Project Activity Over the Decade

The communities in question became involved in economic development at various times during the decade. Cowichan Band's major activity preceded the IEDF, Ft. Ware had no formal development projects until 1979/80. The following table illustrates the activity at each sample site with respect to time. This data is based only on those 90 projects that proceeded to the extent their success or failure could be judged as well as 5 projects at the development stage where funding had not yet been finalized.

The start dates have been established as the first documented evidence of funding application or assistance requests, but is in some cases somewhat questionable due to incomplete documentation.

TABLE 6-1

ANNUAL ECONOMIC DEVELOPMENT ACTIVITY
(Project Start Dates by Sample Member)

<u>Sample Member</u>	<u>Approx. Pop'n.</u>	<u>Prior to 72</u>	<u>72</u>	<u>73</u>	<u>74</u>	<u>75</u>	<u>76</u>	<u>77</u>	<u>78</u>	<u>79</u>	<u>80</u>	<u>81</u>	<u>82</u>	<u>In Proc.</u>	<u>TOTAL</u>
<u>South Coast</u>															
Cowichan	1,306	1				2	2	1			1		1		8
Sliammon	450				1	1			1	1					4
Tsheshat	425						1			1		2			4
Musqueam	475						1	1	1						3
<u>Mid Coast</u>															
Bella Bella	950		2			2	1			1		1			7
Nimpkish	600				1		3	2					1		8
<u>North Interior</u>															
Burns Lake Bds.	925			1		4		1	1	2	4	3	6	2	24
Ft. Ware	150										2	1		1	4
<u>South & Eastern Interior</u>															
Alkali Lake	300					1		1		1	2	1			6
St. Mary's	150							1			2	1			4
<u>North Coast & Northwest</u>															
Pt. Simpson	1,200				2						3	1	1		7
Kitsegukla	375						2		1	1					4
Canyon City	200						1		2	1	2			1	7
Metlakatla	90										1	1	1	1	4
		1	2	1	4	10	11	7	6	8	17	11	10	5	95

The entry into economic development by bands and communities has a limited relationship to band size and geographic location. The large bands were usually the first served in a district and often served by the Regional staff before the districts were staffed. As a rule, the large bands have the experienced people required and the political influence to enter any new program first. No conclusion respecting increasing or decreasing activity can be derived from the sample

6.1.3 Sources of Funds

The following table depicts the extent to which bands used government funds in general and DIA contribution and loan funding in particular as well as principal economic development activity dates. It will be noted that amongst bands active before the mid-70's the use of IEDF loans and contributions was greater. It is also evident that loans are not widely used. At only four bands did loans amount to a material percentage of their funding (more than 10%). Loans comprised \$2.3 million or just more than 10% of the \$22 million used to fund sample projects. Five bands used 98% of the loan funds utilized.

TABLE 6-2

Sample Utilization of Funding Resources
\$(000)

Band	DIAND & IEDF Contb'ns.		IEDF Loans		DIAND & IEDF TOTAL		Other Gov't ² Funding		Total Gov't. Funds		Own Equity & direct Bank Loans etc.		TOTAL FUNDING
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$
Pt. Simpson	461	8	204	3	665	9	4324	82	4,989	91	500	9	5,489
Cowichan Band	789	29	798	29	1,587	58	778	27	2,365	85	389		2,762
Bella Bella	583	22	810	31	1,393	53	682	27	2,075	80	525	20	2,600
Burns Lake	229	12	338	18	567	30	309	16	876	46	1,027	54	1,903
Alkali Lake	112	7	-	-	112	7	1310	74	1,422	81	341	19	1,763
Nimpkish Band	111	6	-	-	111	6	1373	81	1,484	87	228	13	1,712
Canyon City	102	7	-	-	102	7	775	52	877	59	617	41	1,494
Sliammon	122	11	-	-	122	11	612	55	734	66	380	34	1,116
Kitsegulka	90	13	103	14	193	27	308	42	501	69	227	31	729
Tseshat	101	14	12	2	113	16	438	63	551	79	155	21	707
St. Mary's	35	5	-	-	35	5	504	77	539	82	118	18	657
Ft. Ware	94	16	49	8	143	24	435	76	578	100	-	-	518
Metlakatla	53	12	-	-	53	12	260	61	313	73	120	27	433
Musqueam *	20+	-	15+	-	35	-	47	nk	82+	-	n/k		182
	\$ 2,902		\$2,329		\$ 5,231		12155		\$17,386		\$ 4,636		\$ 22,022

* Project Funding Data not available for largest project

² Other Gov't Funding includes both Federal and Provincial funds as some programs such as SARDA and ARDSA are jointly funded.

6.1.4 DIAND Participation

In the sample, as project activity increased in terms of number of projects per year, the Department's role as the major funder diminished, and the use of loans became rare. Over the decade, the department (DIAND) was the major funder in only 20% of the projects and overall provided only 23% of the funding resources required to initiate projects.

All funding data is based on initial start up funding or major expansion funding. Few projects provided a very clear picture of the extent or source of sustaining funding or contributions "in kind" provided to them.

The following table (6.3) displays the dominant role of ARDA in project start up and initial funding support based on the 76 projects where funding data was available and excluding short term projects. ARDA had 25.5 or 1/3 of the total. (Note also table 4-2 for profile of the 76 projects).

TABLE 6-3

Source of Major Share of Project Creation Funds
1972 to 1982
14 Member Sample
76 Projects

	Prior to 72	72	73	74	75	76	77	78	79	80	81	82	TOTAL
DIAND		1											
IEDF Loans		1			3	1							5
IEDF Grants	1					1			1			1	4
SPF												1	1
DPF & Predecessors								1					1
Sub Total DIA*	1	2		2	4	2	1	1	1	0	0	1	15
<u>ARDA</u>					2	3	2	3	3	4	5.5	3	25.5
<u>CEIC</u>													
LEAP				1		1	1		2	1	3		9
OTHER				1			1		1	2	1	1	7
<u>1st CITIZENS</u>											1.5	1	2.5
<u>COMM'L. SOURCE</u>				1						1			2
<u>OTHER GOVT.</u>				1									1
<u>EQUITY</u>						1	1						2
<u>BLNDC LOANS</u>			1		3		1		1	2		3	11
<u>OTHER (1)</u>												1	1
TOTAL	1	2	1	6	9	7	7	4	8	10	15	6	76

* Includes projects where DIAND funds in aggregate (loans, contributions, etc. combined) saw DIAND as the major funder.

(1) Private Corporate Contribution

6.1.5 Multiple Funding

The use of multiple funding sources has been a phenomena in B.C. since the advent of the IEDF. The following table 6-4, illustrates the multiple frequency over the decade. It will be noted in the field work appendices that multiple funding occurs even in small projects such as those involving a single individual's truck, skidder, or tractor purchase.

TABLE 6-4
Types of Funding used by Projects
14 Band Sample

No. of Projects	Prior to 72	72	73	74	75	76	77	78	79	80	81	82	TOTAL
<u>DIAND</u>	1	2	1	6	9	7	7	4	8	10	15	6	76
IEDF Loan	1	2	0	3	5	4	2	0	0	1	0	-	18
IEDF Grant	1	2	0	2	5	2	3	1	3	4	3	2	23
SPF											1	1	2
DPF & predecessors				2	1	1	1	1	3	2	2	1	14
<u>OTHER</u>													
Mega & Stab.	1	1		1						1			4
<u>ARDA</u>	1		1	1	5	4	3	3	4	7	8	3	40
<u>CEIC</u>													
LEAP				1		1	1		2	1	3	1	10
OTHER	1	1		1	1		3		1	3	2	1	14
<u>1st CITIZENS</u>		2	1	1	3		2		2	4	6	2	23
<u>COMM.FIN.</u>	1			2	1		1	1	1	2	2		11
<u>OTHER GOVT.</u>	1		1	1	1	1		1			2	1	9
<u>BAND &</u>													
<u>IND. EQUITY</u>	1	2	1	4	4	4	4	3	4	4	6	3	40
<u>BLNDC</u>													
<u>LOANS</u>					4		1		1	2	4	3	15
<u>PRIVATE CO.</u>													
<u>CONTR'B'N.</u>											1		1
TOTAL SOURCES USED	9	8	4	19	30	17	21	10	21	31	40	18	228
Average number of agencies and/or program funds used.													3.0

The types of funding used doesn't indicate frequency as some projects received annual IEDF grants or LEAP grants. Each source is a separate program (or agency). The number of funding applications and commitments made could be substantially greater due to reapplications to the same program.

6.2 FINDINGS WITH RESPECT TO THE "ECONOMIC DEVELOPMENT ACTIVITY"

6.2.1 Employment Creation

Employment creation is an issue with two facets. The terms of reference for this work address the question of whether the jobs created met the original project objectives. This is often the basis of short term job monitoring and is the basis of day to day and annual evaluation of programs such as WOP (BWP) and the SPF.

In the fieldwork it became evident that job creation versus objectives was a less significant issue than job mortality after creation as described in 6.2.3 later.

6.2.2 Job Creation

Of the 115 projects reviewed only 46 had explicit or implied job creation objectives. These objectives were often vague (e.g. to provide family employment or to provide 3 to 7 jobs) or implied just one job due to the nature of the project (e.g. purchase of a truck or skidder). The balance had either no specific employment figures stated or objectives that varied by agency.

Amongst the 46 projects start up employment was rarely available from records but was gathered on the basis of inquiry with managers of the day or gross payroll figures. None of these figures are very precise.

It is a characteristic of projects to over-employ. Both the objective and the number of employees who start work usually exceed the norms for the nature of the work. Furthermore, employment objectives are sometimes exceeded before the project is even fully operational.

Various calculations based on the project estimates yielded employment creation of the order of 95%. This is based on projects that occurred predominately in the last half of the decade. It is the consultant's impression however that performance has not varied much over the decade. However, the employment created at start up versus the objective is not a very exacting evaluation criteria particularly for projects with long term employment objectives.

Because the data is less recoverable as time passes, no historical comparison can be practically offered. It is the consultant's impression that performance in terms of job creations versus objectives has not materially changed over the decade.

6.2.3 Job Mortality

Job mortality has had a far greater impact than job creation objectives not met. Some 43% of the jobs actually created and staffed have been lost through past and anticipated project failure. (Two projects are so close to failure that they failed in the next 30 days).

The data on jobs created and their survival is based on 76 projects, where the labour force data was known.

Job survival, or its' complement reduction of Job mortality, was not expressed as an objective, or even measured as a consideration of any of the DIAND or other government job creation program. It is evident that most DIAND staff are concerned with ongoing projects when they face difficulties. This work consumes much of their attention, but it is not an activity that is measured.

The following table (6.5) depicts job mortality/viability on an annual basis. There is a trend towards increased viability in recent years. In very recent years the total is distorted as several projects have not been operating long enough to deplete their available start up resources.

Table 6-6 depicts Job Viability/Mortality by sector. Construction Infrastructure and Service sectors have performed well. The retail sector performance in Band stores is good but off reserve retail activities fared poorly.

TABLE 6-5
Job Viability & Mortality by Year
(14 Band Sample, 66 projects)

Starting Date	No. Projects	Jobs Created	Job Mortality	Job Viability	
				#	%
Prior to '72	1	60	60	0	0
1972	1	3	3	0	0
1973	0	0	0	0	0
1974	6	122	6	118	95
1975	8	52.5	14.5	38	72
1976	7	39.5	22	17.5	44
1977	5	36	35	1	3
1978	4	12.5	9.5	3	24
1979	7	38	11	27	71
1980	8	37	22.5	14.5	39
1981	13	27	6.5	20.5	76
1982	<u>5</u>	<u>9</u>	<u>0</u>	<u>9</u>	<u>100</u>
	66	436.5	198.5	248	56

Note:1) In this table part time and seasonal jobs have been converted to full time jobs on a rule of thumb basis. That is jobs that provide seasonal work every year for a portion of the year (permanent seasonal work) were converted to full time equivalent based on the usual duration of the work. Recently some seasons have been seriously shortened due to economic conditions or other circumstances.

2) Only jobs actually created were considered. The data does not reflect job creation objectives.

TABLE 6-6

Job Viability and Mortality by Sector

	Job Creations		Job Mortality		Job Viability			
	Full	Part	Full	Part	Full	Part		
	<u>Time</u>	<u>Time</u>	<u>Time</u>	<u>Time</u>	<u>Time</u>	(%)	#	(%)
	#	#	#	#	#	(%)	#	(%)
Agriculture	37	91	22	86	15	40	5	5
Arts & Crafts (1)	8.5	-	0	-	8½	100	-	-
Construction (1)	17	-	2	-	15	88	-	-
Fishing (2)								
(excluding cannery)	41	1	41	1	0	0	0	100
Cannery (3)	10	180	0	0	10	100	180	100
Logging	47.5	17	15	16	32½	68	1	6
Infrastructure	4	0	4	0	4	100	0	-
Retail	49.5	4	16	0	33½	72	4	100
Service	8	16	2	3	6	75	13	81
Hotel	21	-	-	-	21	100	-	-
	<u>249</u>	<u>309</u>	<u>104</u>	<u>106</u>	<u>145½</u>		<u>203</u>	

- (1) Job creation data was very limited.
- (2) The fishery data excludes the cannery. This was done to depict the total failure of all fishing allied businesses, net lofts, shipyards, maraculture and ice dock.
- (3) Job Creation data at startup for Pt. Simpson Cannery is estimated.
- (4) There are no IFAP fish boat projects in the sample.

6.2.4 Creation of Viable Ventures

Over the decade the number of ventures attempted annually has likely grown but this is not conclusively demonstrated in the sample. Characteristically, bands enter from 3 to 7 projects in their first few years of economic development taking on as much as they can handle. Then a lull follows while they organize the projects, overcome growing pains and eliminate the unsuccessful or marginal. Thus in the sample many bands who became involved in the activity in the mid-70's are in this lull. The sample doesn't reflect the other more recent activity in the same districts. The following table illustrates the project start up activity by year and the number of projects operational or temporarily closed due to seasonal or current economic circumstances. These operational projects are considered viable. The table includes projects that are completed and those that provided no employment. Therefore, the project sample base differs from that used to consider job mortality.

TABLE 6-7
Viable Project Development
(Annual)

<u>Year</u>	<u>No. of Projects Started</u>	<u>No. of Projects currently operational</u>	<u>% Survival</u>
Prior to 72	1	0	0
72	2	1	50
73	-	-	
74	7	4	51
75	10	6	60
76	7	3	42
77	11	3	27
78	4	2	50
79	8	5	63
80	14	7	50
81	15	10	66
82*	11	4	36

many of 82 projects are still at pre start phases

6.2.5 Increased Development Activity on Reserves

The sample does not provide a basis for comparing activity levels throughout the decade in review. Too many communities with the longest economic development histories are included. Departmental investments (Table 2-2) does not indicate material increases in activity either, particularly if an inflation factor were to be considered.

Nevertheless, the increases in non-DIAND program activities have had an impact and it is generally recognized that project size has diminished. Thus both funding activity and number of projects have increased over the latter portion of the decade in review.

Clearly this decade has seen more activity than any previous period as there is no evidence of more than a handful of projects throughout the province that pre date the era.

6.2.6 Reduction of Dependence on Transfer Payments

Data was insufficient to assess this objective quantitatively. Few bands had complete case load histories for the decade.

Financial or Social Assistance case data also was inconclusive as three case components are involved. There are people

on assistance for reasons of:

economic circumstances,
social circumstances,
health circumstances.

Economic Development Activity would only impact directly on the first element of the case load although some impact might be effected on "social circumstance" cases. Thus at bands where increasing Social Assistance costs were observed in isolated years and periods during the decade the costs could be attributed to increased case loads outside the potential impact of their economic development projects. During the decade assistance rates or benefits increased as well as populations. Unemployment Insurance also is a major transfer payment component. No hard data for the decade is available for sample communities. It is known that some projects are used to get people off assistance and make them eligible for unemployment benefits. On the other hand the creation of some 249 full time and 309 part time jobs, even if some were lost, must clearly have had a positive impact on transfer payment costs.

The limited social assistance data that was available at some bands covered relatively recent periods. This data portrayed more accurately the devastating effect of the current economic climate of the "off-reserve" employment of Indians in B.C.'s lumber and paper industry and other sectors than it did the effects of economic development programs on reserve. The Tsheshaht band adjacent Port Alberni demonstrates this clearly as in each case the major off-reserve employer, MacMillan, Bloedel has closed their mill and woods operation for extended periods in the last two years.

6.2.7 Improvement of Work habits

The only documentable and quantifiable data vis-a-vis the improvement of work habits that could be obtained at a relatively wide spectrum of the sample was reduced absences and turnover. This data does not clearly support the contention that people's work habits improved but perhaps that through attrition and replacement, workers with better habits were acquired by projects.

Few people interviewed could point to material work habit change amongst groups of members who had been employed by projects. However, as three communities, Port Simpson, Burns Lake and at Merritt (the 15 member community) leaders, affiliates and the press note improved work habits.

There are many cases where project management tolerated marginal work place performance by individuals until they improved. This can't be viewed as an attitude change as much as developing an appreciation of the expectations of the employer. Once these employer expectations are known, the individual attempts to meet them as he would the expectations of his peers, parents or any other respected associate.

The personnel manager of Babine Forest Products Ltd. at Burns Lake, a firm which attempts to maximize Native employment, expressed his efforts in exactly these terms. They have persisted with most of their people and although disciplinary measures were common in the early years, they now have, in his opinion, crews of unparalleled effectiveness.

6.2.8 The Creation of Working Links between Indian Communities and Outside Business and Financial Institutions

The increased business activity of bands and individuals has increased the linkages. On the one hand, all businesses, projects, and the various arms of local government required to support the same work in a regular and satisfying manner with suppliers, banks, sales agents and the like. These outside people extend their normal services to bands including credit privileges. This did not happen in the early part of the decade. Suppliers sought "cash" or Department reassurances.

Bands borrow from banks and other financial institutions as readily as they use the IEDF. In the sample, it will be noted that Commercial Institutions provided \$867,000 (3.9%) of project financing. This does not include the use of bank money for interim finance or operating loans once the project is in operation, which is of a far greater scale and frequency.

6.2.10 The Training of a Management Core at the Band Level

There is no Economic Development Activity thrust of a material or organized nature directed towards training band management. (Training of project people is discussed in the following section, #6.3).

The Band Economic development Committee Program (now withdrawn) had this as an objective. The program was never broadly staffed in the region. No member of the sample was officially involved in this program for a period of more than one year. The first year's activity in the BEDC program was usually oriented to documentation of resources and other activities. Training was negligible.

6.2.11 Indian Participation in Program Design & Delivery

Design Involvement

Appendix E entitled "Economic Development Strategies - Formal Proposals from B.C. Indians", outlines the extensive involvement in Program Design planning. The resultant recommendations have influenced the thinking of Department staff but have had little effect on program structure.

In effect, Regional and District staff have attempted to implement the recommendations by redirecting the existing programs and re-interpreting existing guidelines.

Loan Board Participation (IEDF)

The activities of the Loan Board were discussed with two of the Indian participants on separate occasions. Both spoke of their activities in the same relatively positive tone.

Both were original members and they report initially they were asked to fill a "rubber stamp" role. After some period the Department responded to their input more positively.

The five Native members of this Board are from all over the Province. The Loan Board gathers for monthly meetings.

The Board discusses loans at length. They are well supplied with proposals and other materials beforehand by the Regional staff.

The members' participation comprises loan decision input and some measure of control over fund direction. Members report that on occasion they have rejected loans. They are not overridden by DINA. On some occasions they have changed security requirements based on their Band life experience. Some requirements are so difficult to meet and provide so little additional security that they are not warranted.

The Board finds the current separate loan and grant sources circumstances ludicrous (see delivery). They also have worked to point out the need for timely action (loan approval and disbursal) and noted some organizational and communication problems in the staff functions.

This Loan Board is known as the IBLF Committee (Indian Business Loan Fund). This widely used designation appears in a lot of material but is only in common useage in this case. The proposed name change has never been promulgated.

In the area of IEDF funding direction and control, the Board believes they have brought the need for loan collection more to the fore. They initially sought to make themselves completely aware of fund mechanics and availability, and were somewhat surprised at the existence of the unused millions of dollars of loan funds availability.

Currently they are gearing up to address the responsibilities and the capacity of the headquarters of the Loan Board to make loan and guarantee decisions for B.C. They feel the B.C. Board record is good and that the further away a board is, the less it is aware of relevant factors beyond the pro forma statements. They also believe Region should have greater grant and loan authority levels.

Indian Participation on DIAND Economic
Development Personnel & Selection Committees

Indian representation on personnel selection committees goes back to the early 1970s. Neither IBLF member was particularly impressed with the selection process. They had both been on selection committees prior to their IBLF involvement.

Frequently the Indian representative doesn't realize what the position being staffed requires of the applicant.

The Loan Board members recommend improvements based on two representatives; one who knows the job, in this case of Economic Development staff selection, one of their number; and one who knows the area, a local. They also believe the process would still have little impact on new hiring.

In the case of promotion or transfer, where the employee is known, Native input is substantial. In this case it is often by direct intervention rather than at the selection committee, particularly when negative. The effects of political vs. formal input are hard to discern.

6.2.12 Improvement of Indian's Economic Circumstances

Other than job creation, the objective of improvement of Indian's economic circumstances is facilitated by the economic development activity by a number of indirect means; chief amongst these are:

- Internalization of services,
- Provision of relevant infrastructure,
- Provision of essential services at less cost, and
- Provision of band income by project returns, resource income administration fees and land leases, etc.

Amongst the sample, the following projects internalized services:

<u>No.</u>	<u>Projects</u>	<u>No. of Successes</u>
2	Shipyards	0
2	Net Lofts	½
4	Construction Companies	3
2	Arts and Craft Marketing Services	2
1	Wool Carding Service	1
3	Small Sawmills	3
1	Christmas Tree sales firm	temp. closure
8	Local stores	8
1	Hotel	1
1	Lounge	1
1	Cafeteria	0
1	Electronic Repair	½
2	Laundromats	2
<u>1</u>	<u>Fuel Company</u>	<u>1</u>
31		23

Without exception, these businesses have provided better products and services at equal or lower cost to the band membership. This is a material benefit when one considers that the food sales volume of the local stores likely exceeds 5 million dollars per year.

Infrastructure supported by economic development funding comprised:

- 1 Cablevision Network
- 2 Airstrips
- 2 Ferry services (1 in planning stage)
- 1 Boat Ramp
- 1 Dock
- 1 Community Hall

Several of these were deemed essential to the communities well being while others provide Band Revenue through users fees and rentals. The Department's economic development activity has played a major role in the facilitation of these projects. In most cases it overshadows their funding participation. This is evident in the review of band project files, however, no practical means of documentation of relative role importance was possible.

6.2.13 Improvement of Indians' Capacity to Plan and Execute Projects

Client capacity to plan and execute projects has increased many fold in the sample. This objective has likely been realized to a greater extent than any other. Consider the capacity to execute as occurring in four phases:

- i) Identifying needs and accessing agency support to create administrative structure,
- ii) Accepts funding and executes simple projects,
- iii) Seeks, finds, plans and executes project with a variety of outside support services.
- iv) Administrative capacity to keep meaningful financial records and to effectively utilize outside sources of expertise (consultants, etc.). (This level of development represents the end of dependency and presents a serious challenge to existing funding structures).

The requisite skills have been acquired in phased order through involvement in Local Government activities, CEIC and DIA short-term projects, and economic development projects.

The four phases of the capability of Bands usually proceed in orderly manner. There must be a minimum or floor-level of Local Government activity for any agency to deal with a Band. The achievement of Phase (i) provides a minimum of functional capability. (Some B.C. bands still don't have it). At phase (ii), Bands can deal with many CEIC programs and BWP. They can identify their needs and secure funding. Planning and execution of "make-work" projects comes with some practice. Performance is not critical.

"Make-work" projects often become more sophisticated requiring budget control and completion. Such projects are often a Band store or food co-op in an existing building or infrastructure. The Band is now involved in economic development.

All the Bands in the sample are now at the execution capability level. Their performance varies from excellent to marginal. There is no evidence that any of them were close to this level in 1972, and in 1976 only 8 of the 14 Bands were clearly at this level.

With the completion of its first economic development project, the Band is into execution activity. It is at this stage that the Economic Development Activity and relevant program support assist to improve the Band's planning and execution abilities. This phase and the succeeding phase oftentimes takes years to master rather than the months (or single project cycle) required to grasp the initial phases.

The Economic Development Activity cannot play a role until phase (iii) capacity exists. The attempt to implement projects before the requisite capacity exists is risky. At Kitsegukla, it hurt the Band, furthermore, the help was not available. Bella Bella with a lot of help overcame serious problems. A lack of readiness is not as serious a problem as not being assisted. It does not matter now that Bella Bella wasn't ready, but it has set Kitsegukla back several years.

The Economic Development Activity has facilitated five bands in their realization of mastery of Stage IV (the end of a technical planning and execution assistance need). Six other bands are still slightly dependant on outside help in this sphere.

This classification of bands is subjective, but is based on their projects documented difficulties, and a review of the general processes of current implementation. It is a judgement based on the responses to inquiries respecting how the band

will plan and execute its next project and related topics.

Today many Bands (four in our sample) are at the fourth and final stage. They have no basic support dependency. They require specialized project-specific technical expertise and funding that is not bound into tight developmental program structures. They have outrun the existing program packages. They are frustrated in their attempts to implement integrated long-term development with short term and fractured funding.

6.3 FINDINGS WITH RESPECT TO PROJECT SPECIFIC ISSUES (SUCCESS/FAILURE)

6.3.1 Project Success/Failure

Defining project success and failure has, as expected, proven to be somewhat contentious. The reference to objectives realized or not, provides dimension and understanding only where objectives were specified, quantified and realistic.

Only two projects were encountered that achieved nothing, not even a partial attainment of their implied or explicit objectives. All the others can't be realistically classified as partial or complete successes. Any attempt to classify the projects in varying degrees of success or failure is unduly subjective.

To simplify the process we have focused on project survival.

Failures are those projects that came to unplanned ends (or whose unplanned passing is predictable in the short term). These are subdivided into controllable and uncontrollable (environmental) causes.

Successes are therefore those that have survived and that will continue, as well as those whose end was planned.

Contributing Factors

An assessment of the major factors contributing to the projects' current status has been made. An attempt has been made to identify root causes, avoiding as much as possible causes that are effects of other causes. A strict attempt to deal solely with root causes results in a rather vague picture. Accordingly, key secondary factors that are both results and causes are included. For example, poor planning and inattentiveness to the business may have resulted in a secondary cause such as poor implementation. It is rare that any business venture's demise can be traced to single factors. The interplay of management ability and confidence with multiple funding procedures and a changing environment creates clusters of causes which feed upon each other.

Factors that have contributed to success are more difficult to identify. It is rather like trying to identify the reasons for physical health, one doesn't have the benefit of obvious symptoms. In the project review process, success factors tended to be undocumented. Data is often available on problems the project overcame or turning points. These have been separately identified where applicable.

Factors contributing to termination or failure are:

1. Unrealistic Concept:

The absolutely impossible idea or previously proven failure, eg. the growing of an unsuitable crop in the area.

2. Project Planning:

The development of a plan that would not work even in a

perfect world. This excludes the plan not making allowances for such things as lack of skill, e.g. the growing of a suitable crop for the area but by improper means or without adequate equipment.

3. Project Approval & Delivery Processes:

The inability of the project to survive while awaiting approval, or disbursement of program funds.

4. Inappropriate Financing:

This would include insufficient total financing or insufficient elements such as capital, working capital, inappropriate conditions respecting repayment.

5. Training:

Skills and experienced management.

6. Training:

Skills and experienced workers. The lack of experience or skills is not an avoidable cause of failure. If skills were a project pre-requisite, there would be few projects. Rather, it is the lack of an opportunity to gain the skills either by training or through provision of a secure period to learn by trial and error. Also, it should be recognized that one can't always learn by trial and error in certain jobs such as pilot, truck driver, custodian of expensive equipment.

7. Appropriateness of Work:

In our society as well as many Native societies, some work is so undesirable that it will only attract minimal applicants, e.g. hand-picking vegetables.

8. Inattentiveness of Council & Management

9. Inattentiveness of Staff:

Because of other business pressures at the Council or Board of Directors or even general management levels, some projects don't get the attention they require. Similarly, because of family or other pressures of life and society, some workers are inattentive and even somewhat apathetic..

10. Poor Advisory Services:

This includes program and professional advice that is of questionable value or simply not provided. Professional advice includes outside consultants, accountants, as well as non-Band members hired by Bands as accountants and economic development officers, etc.

11. Environmental Factors:

Changes in markets and demand. Changes in regulations vis-a-vis product or process. Changes in interest rates. Uninsurable and unpredictable losses due to "acts of God", Red Tide, floods, etc.

Secondary Factors:

- 12. Poor implementation.
- 13. Low production.
- 14. Low quality production.
- 15. Poor sales.
- 16. No harvest or catch, etc.

Factors contributing to continued existence require no explanation. They are the complement of those previously defined.

1. Good Concept.
2. Effective Planning.
3. Speedy Approvals and Delivery.
4. Appropriate Funding.
5. Training or Skilled and Experienced Management.
6. Training or Skills and Experienced Staff.
7. Appropriate Work.
8. Determination and Attention of Council & Management.
9. Determination and Attention of Staff.
10. Good Advisory Services.
11. Good Economic Environment.

Secondary Factors:

12. Good Implementation.
13. High Production.
14. High Quality.
15. High Sales.
16. High Harvest or Catch.

Based on the 90 projects of the 115 project sample that have been implemented and where the outcome is known (see table 4-2, Section 4.0, The Sample) the following tables were prepared. They compare the frequency of occurrence of factors contributing to success and failure.

TABLE 6-9

Frequency of Factors Contributing to Success
of Operating & Completed Projects
 (45 Projects)

Primary Factors

Good Concept	23
Effective Planning	16
Speedy Approvals & Delivery	1
Appropriate Funding	24
Training Skills Experienced Management	9
Training Skills Experienced Staff	6
Appropriate Work	7
Drive & Attention of Management	22
Drive & Attention of Staff	3
Outside Advice	8
Environment	5
Stabilization	2

Secondary

Good Implementation	3
High Production	2
High Quality	6
High Sales	6
High Harvest or Catch	--
Good Service	1
Re-organization	3

TABLE 6-10

Frequency of Causes of Unplanned Closures
(45 Projects)

Primary Factors

Unrealistic Concept	6
Project Planning	14
Project Application Process	6
Inappropriate Financing	8
Training Skills Experienced Management	11
Training Skills Experienced Staff	9
Appropriateness of Work	4
Poor Advisory Services	15
Environmental Factors	20
Inattentive Management	9
Inattentive Staff	1

Secondary Factors:

Poor Implementation	4
Poor Production Volume	7
Poor Production Quality	1
Poor Sales	12
No Harvest or Catch	4
Poor Costing, etc.	2

6.3.2 Success by Specific Program or Agency

As was seen in table 6-4, section 6.1, some 76 projects were funded by 228 different sources. No particular program could be isolated in terms of greater or less success at projects. LEAP projects in the sample tended to be less successful but this is built into the program. LEAP projects must employ the constantly unemployed, can't be a private enterprise and are constrained to low capital outlays. The LEAP sample is small, numbering only 10.

Common Factors of the Bands Achieving Success

There were six Bands in the sample that experienced little or no project mortality.

The common denominator was highly visible and evident in each case. These Bands each had outstanding leadership from one or two key individuals who had been trained in the outside world. The return to the community of a skilled and motivated individual was clearly the most influential common success factor in the Bands surveyed.

In each of these communities, the record of development success (or even activity) clearly begins after the return of the key individual. With effective leadership that has been educated outside or had lengthy, meaningful employment outside, the other necessities for success fall into place. Strong leadership in itself is not sufficient. To date, it appears experience gained outside the Reserve must also be present.

It is essential that communities develop better leadership and it is felt that in time with more work opportunities, more individuals will acquire these skills, on and off-reserve, and employ them at their bands.

Financial Success

Profitability is not often a prime objective of these projects. Profit motives were seldom overtly expressed. Often it was implicit in the means of finance selected. If one assumes largely debt financing surplus revenues are implied. When expressed, profit motives were not quantified except as they were presented in the proformas prepared for various agency funding submissions. That is a profit was projected, but rather as an outcome of the projection process.

TABLE 6-11
Financial Success of Projects
(14 band sample)

<u>Objectives</u>	<u>Projects holding</u> <u>Objective</u>	<u>Projects realizing</u> <u>Objective</u>
Profits	36	13*
Breakeven	22	14

* an additional seven projects that sought to realize a profit have operated at breakeven levels.

This sample does not include many projects which are so recent that a clear financial pattern has not developed. The current economic climate has effected some projects that had profitable operations in the past. These projects are viewed as profitable because of their profitable history.

The repayment of loans is also a critical test of financial capability. Only 16 of the 115 projects in the sample were financed by IEDF loan. The loan status and relevant principle sums are noted in the following table. Because stabilization so effected loan procedures the status of loans made prior to and after stabilization is noted.

All loans made since stabilization were "current" with their payment schedule at the time of field trip assessment. Only one pre stabilization loan was current or "up to date".

Two of the projects (with four loans) are in dispute but the projects are successful and the loans can be repaid.

TABLE 6-12
Status of 16 Projects with IEDF Loans

	Post	Stab.	Prior	Stab.	TOTAL	
	#	Principal	#	Principal	#	Principal
		(\$000)		(\$000)		\$(000)
Loans made	4	132	14	1,794	18	1,926
Loans, current	4	132	1	12	5	144
Loans in arrears			2	103	2	103
Loans written off (seized, etc.)			7	968	7	968
Loans In dispute			4	710	4	710

Two projects have 4 loans in arrears and in dispute. These projects have the capacity to repay the loan principal and interest in arrears.

Subsidization on an ongoing formal basis through BWP (WOP) etc or other program was not encountered in any of the sample projects.

6.3.3 Investment Required per Job Creation

Data was gathered on the total investment required to create jobs. This was further broken down into contribution costs and loans. The data is presented in summary annually for the decade (Table 6-13) and by sector (Table 6-14).

Standardizing the definition of "a job" was not possible. Statistics Canada in their information bulletin respecting definitions entitled "Understanding Employment Statistics" provide no definition of employment but rather definitions of unemployment. The Special ARDA program defines a job as \$3,000/year, earnings which seem an unduly modest requirement. Income data was not sufficiently available to use any specific dollar figure.

Because the activity and the programs seek to meet the communities needs we have used a practical community based definition of "jobs".

Thus fish boat ownership although it provides less than full time employment is a job as is truck logging, skidder operation and the like in forest industry. The communities view these people as employed. The same is true of ranch ownership.

Farm and ranch hands, cannery workers and the like are part time work and have all been considered as half jobs.

Evaluation of other jobs was based on the job history. In today's economic climate some jobs are part time that have had a full time history. These were viewed as full time jobs.

Historic Investment per job Created

No historic trend in the total investment required per job creation is evident. Nor is any trend apparent in the total investment required per viable job created.

DIAND loan activity diminished after Stabilization, but grant activity in the sample was reasonably consistent. Details on an annual basis portraying total investments, government investment total DIA investment and DIA loans and grants are outlined in the following table (6-13). This data is based on the 66 projects for which employment and funding data was available.

TABLE 6-13

Average Investment Per Job Creation (14 Band Sample)

\$(000)

FUNDING PER JOB CREATED

	Prior to '72	72	73	74 ¹	75	76	77 ²	78	79	80	81	82	
No. of Jobs started	60	3	0	122	52	39.5	36	12.5	38	37	27	9	436
Avg. Investment all sources	37.4	134	n/a	45.4	48.3	24.9	18.4	33.9	48.7	48.7	31.2	23.4	
Avg. Gov't. Invest. (incl. DIA)	32.0	101	n/a	42.9	42.8	18.9	13	25.4	41.9	39.5	26.8	22.2	
Average DIA Invest.	23.7	96.1	n/a	6.1	20.9	5.6	4.5	2.4	4.8	5.1	1.4	6.3	
Average DIA Loans	8.3	11.6	n/a	3.9	13.6	2.7	2.8	-	-	1.4	-	-	
Average DIA Grants	15.4	84.5	n/a	2.2	7.3	2.9	1.6	2.4	2.7	3.8	1.4	6.3	

FUNDING PER JOB SURVIVING AS OF DEC. 1982

No. of Jobs Surviving	0	0	0	118	38	17.5	1	3	27	14.5	20.5	9	248
Average Investment	n/a	n/a	n/a	50	66.1	56.1	665	141.3	68.5	124.4	41.1	23.4	
Avg. Gov't. Invest. (inc. DIA)	n/a	n/a	n/a	44.4	58.6	42.7	468	106	59	100.6	35.3	22.2	
Avg. DIA invest.	n/a	n/a	n/a	6.3	28.6	12.7	162	10	6.7	13.1	1.8	6.3	
Avg. DIA Loans	n/a	n/a	n/a	4.0	13.6	6.3	103	-	-	3.4	-	-	
avg. DIA Grants	n/a	n/a	n/a	2.3	9.9	6.5	587	10	3.7	9.6	1.8	6.3	

1)1974 includes Pt. Simpson Cannery, funded 4.3 million & creating 100 job equivalents

2)One project can survive but the employment cannot be projected. The year was characterized by development of projects which failed.

2)One project had an undetermined band contribution of \$40k - \$120k in the form of a mfg. plant.

6.3.4 Sectoral Analysis of Job Creation

Detailed analysis of each project in each sector is offered in Appendix V. Highlights follow.

The sectoral employment creation and project ownership is tabulated below. The sample is based on the 66 projects where funding data was available.

In the following tables a breakdown of projects created and viable jobs by sector is outlined (Table 6-14) as well as funding cost per job created and viable job (Table 6-15).

In the latter table the total cost is portrayed for total cost as well as the cost to various sources and groups of sources by sector. Directly beneath the cost per job created and per viable job is displayed. The two figures are separated by a diagonal.

TABLE 6-14
Sectoral Breakdown of Projects, Employment Creation & Employment Viability
(66 Projects)

Sector	No. of Projects	Band & Co-op Projects	Indiv. Projects	Job Creations			Viable Job Creations		
				Full Time	Part Time	Full Time Equiv.	Full Time	Part Time	Full time Equivalent
Agricult.	6	4	2	37	91	82	17	5	21
Arts & Crafts(3)	4	2	2	11.5	-	11.5	8.5	-	8.5
Const.	5	5	-	43	-	43	6	-	6
Fishing(1)	10	10	-	52	-	52	0	0	0
Cannery(2)	1	1	-	10	180	100	10	180	100
Forestry	15	8	7	55	2	56	41	-	41
Infrast.	4	5	-	4	-	4	4	-	4
Retail (3)	4	6	6	49.5	8	51	33.5	8	38
Service	7	6	1	7	16	15	5	8	9
Tourism	<u>1</u>	<u>1</u>	<u>-</u>	21	-	<u>21</u>	21	-	<u>21</u>
	66	48	18			436			248

- Notes: (1) This does not include direct Fishermen support by IFAP & IFEAP but is comprised of Net Lofts, Shipyards, Maraculture and docks.
(2) The Pt. Simpson Cannery was separated as funding data was particularly obscure and based on isolated media reports of 1974.
(3) The fractional full time jobs result from averaging conflicting data vis a vis job creation. (One source notes 2 jobs, the other 3, net estimate is 2.5).

TABLE 6-15

Funding Cost per Job Created by SectorInvestment per Job Created/Viable
\$(000)

<u>Sector & no. of jobs created/viable</u>	<u>Gov't. Cont.</u>	<u>DIAND Cont.</u>	<u>DIAND Loans</u>	<u>FCC Loans</u>	<u>EQUITY</u>	<u>COMM'L & Other</u>	<u>TOTAL Investment</u>	Investment Totals per job created/ per viable job
Agriculture (82/21) Jobs	\$ 2,478 30/118	\$ 1,028 12/49	\$ 500 6/24	\$ 72 1/4	\$ 310 4/15	\$ 264 3/13	\$ 3,624 1/22	
Arts & Crafts (11.5/8.5) Jobs	228 20/27	19 2/2	47 4/6	-	-	-	275 24/32	
Construction (43/6) Jobs	573 13/96	422 10.70	12 3/2	-	17 .4/3/	-	602 14/100	
Fishing (1) (52/0) Jobs	2,258 /1.	141 /1.	35 /1.	-	398 /1.	183 /1.	2,874 /1.	
Cannery (2) (100/100) Jobs	4,267+ 42/42	-	50 0/0	-	n/k /	n/k /	4,317+ 43/43	
Forestry (3) (56/41) Jobs	1,193 21/29	358 6/9	444 8/11	-	177 3/4	847 15/21	2,661 47/65	
Infrastructure (3) (7/4 Jobs)	255 36/64	70 10/18	-	-	50 7/12	70 10/18	375 52/91	
Retail (51/38) Jobs	1,053 21/27	271 5/7	493 10/13	-	327 6/8	70 1/2	1,943 38/51	
Service (15/9) Jobs	338 22/37	122 8/14	54 4/9		183+ 12/20	114+ 8/13	689 46/76	
Tourism (21/21) Jobs	261 12/12	38 3/3	340 16/16		42 3/3	- 1	643 31/31	
	\$ 12,904	2,496	1,975	72	1,504	1,548	18,002	

(1) IFAP-IFEAP not included

(2) Cannery separated due to unique funding and unclear data

(3) Only projects with full time employment considered.

6.3.5. Sectoral Investment per Job Created

The attempt to compare investment costs between sectors is not warranted because of the factors shown below.

Amongst the sectors represented in our sample, only Agriculture and Retail are representative to any degree of the industry as a whole, on or off reserves. The fishing sector is devoid of fishermen and reflects some unusual experimental projects in maraculture as well as shipyards. The Forestry Sector is dominated by portable mills (3) and individual skidder operators. This is not typical of a broad section of the industry. Finally the range of investment per job in the sectors is extremely broad. For example, in agriculture the total investment per job ranged from \$15,000 to \$87,000. The range in fishing was similar.

Highlights of the findings vis a vis investment per job follow in table 6-15.

Agriculture - the average investment per job created was \$43,800. A LEAP project, where all employees of a co-op are paid a full time subsidized salary has inflated the investment. On the Alkali Lake Band the investment per job was \$88,000 (See appendix V Job Creation Analysis). A contrast between two individual's hay and ranch projects in Burns Lake at an investment of \$22,000/job and two band hay and ranch projects at Cranbrook with \$45,000/job is typical of the nature of each area's farming practices rather than band or private ownership.

Arts & Crafts - no investment cost per job conclusion can be developed from the data. Of five projects, one is a wool carding factory and retail knit goods store, two were cottage industry co-ordinators, another a shorter term project and one a screen print shop. The activities are too diverse and the job creation aspects of the cottage industry too vague to provide meaningful data. Like most craft businesses, the job creation costs are generally low.

Construction - the construction industry on reserve in the sample is confined to frame, block and log building. The cost to establish these jobs should not be very high. In fact tools, a modest truck and some material inventory would be adequate. The exception is Tseshaht Construction who have a warehouse building. However, in the case of the log construction company, it started as a BWP supported project and subsidizing earning and training and then swung over to a profit oriented concern. The third operational company, Alkali Lake is a rather confused picture. The company has received the band's housing grants and built houses. All its income has been such grants. Had these grants gone to the house owners, who then would pay the construction company, the capitalization would have been different. Accordingly the sample is not at all representative of small construction companies.

Fishing - as was noted, the projects in the sample do not involve fishermen. They comprise 5 maraculture projects (4 oyster operations and one fish hatchery), two shipyards, 2 net lofts and an ice dispensing dock. Of these, all have failed, save one maraculture (oyster) project that is in the application phase. The project in the application phase

is budgeted at an investment cost of \$104,000/job and is not in a traditional oyster rearing area.

Forestry - this sector is best viewed in subsectors. The successful skidder operations all required \$60,000 to \$77,000 of investment. The unsuccessful skidder operators invested sums in the \$30,000 range. The small sawmill investment was low at about \$10,000/job except in the case of the LEAP sponsored mill where the cost was \$75,600/job.

The balance of the projects are very diverse a truck logger, a Christmas Tree operation, one small coastal logger and two interior skidder/logger operations of entirely different scales.

Infrastructure - Of these projects only the ferry services at Metlakatla yielded employment.

Retail Sector - Band based stores dominate this sector comprising 8 of 12 projects and the seven which survived. Of these village stores 5 are band owned. They had similar investment per job of the \$30,000 to \$40,000 range, except isolated Ft. Ware. All band stores went into new buildings.

Individuals stores investment per job were less as they did not require new buildings only renovations. Individuals tended to have reasonable equity as well. The investment by government was less than \$10,000/job, although in one project it was \$30,000. As this individual worked alone his job creation was low, but his store not unduly expensive.

Service - This sector comprises 2 laundromats, a fuel company, a pub, a cafeteria, electronic repair and games arcade, and a drive-in movie.

The investment per job vary dramatically with the fuel company due to capital costs of tank farm and wharf at \$181,000/job. The lounge and cafeteria were built in existing premises and the investment cost was \$22,000 and \$4,000 respectively.

Tourist - The Bella Bella Hotel is the only project in this sector.

6.3.6 Job Investment Cost in Sample Projects (66 Projects)

To create some 436 jobs, an investment of \$18,003,000 was required or \$41,300/job. Considering the 248 viable positions, the investment is \$72,600 per job. The investment is broken down as follows:

	<u>\$(000)</u>		<u>\$/Job</u>	<u>\$/viable</u>
	<u>Total</u>	<u>\$/%</u>	<u>Creation</u>	<u>Job</u>
All government contributions	\$12,904	71%	\$ 29.4	52.0
DIAND & FCC loans	2,047	11	4.6	8.2
Equity from Band, owners & Burns Lake Dev. Corp. etc.	1,504	8.4	3.4	6.1
Commercial & other private sources	<u>1,548</u>	8.6	<u>3.5</u>	<u>6.2</u>
TOTAL	18,003		41.3	72.6
*DIA Contributions	2,496	13	5.7	10.1

It is interesting to note that bands and individuals through their own resources and commercial resources provided close to 17% of the requisite funding.

The investment per jobcreation of \$41,000 (or \$72,600/viable job) is somewhat distorted by the LEAP element. All the other programs provide capital assets and modest working and operating capital. LEAP provisions are the opposite except that on reserve other programs will provide the capital for LEAP project needs. LEAP projects then realize a double endowment. It is not surprising that LEAP project costs were high. LEAP projects that created 57 jobs required an investment of \$3,448,000 of which \$2,473,000 came from LEAP, or \$60,500 per job created. Because only 22 jobs are viable, the investment per viable job is \$157,000. The LEAP projects are identified in Appendix V.

If the projects are considered exclusive of LEAP activity, the investment for a job creation is \$37,400 and for a viable job \$64,000. There is no legitimate basis to closely compare the investment to create these positions with national norms. Data produced by Statistics Canada and others is based on Capital Investment per job and even when they do include working capital, describe businesses very unlike reserve based businesses. Reserve based food stores hardly compare to off-reserve super markets, nor reserve sawmills to Mac-Millan, Bloedel and forest giants. The only area where the reserve's physical operations and methods are comparable to off-reserve is in farming but reserve farms have no land cost.

Nevertheless, the job creation costs of these programs compare with the ARDA and DREE guidelines. Through both native programs and others such as those provided in designated depressed areas, grants up to \$30,000/job created but not more than 50% of the capital assets of an applicant are allowed. Thus they support job creation at costs up to \$60,000 per job. The investments in the sample are of that range for viable positions. Accordingly, they are not out of line with a well accepted norm and practice.

6.4 DELIVERY SYSTEM ISSUES

6.4.1 General

The delivery system is fragmented and differs between sources. The necessity for multiple funding sources creates severe difficulties at every stage. The delivery of training and advisory services is inadequate. No agency has taken responsibility for training and no coherent delivery structure exists.

Responsibility for delivery of funds and services lies with individual staff members who appear to be accountable to no one for delays or poor delivery service. The frequency of staff vacancies and the incidence of staff turnover compound these problems.

6.4.2 Sources and Levels of Funding

The following table (6-16) outlines the sources and amounts of funds received by the bands in the sample to finance the subject projects. The table includes funds that were applied to projects that did not create jobs as well as short term projects. 79 projects are included.

TABLE 6-16

TOTAL FUNDING BY AGENCY
79 Projects
(in sample bands)

FIELD SAMPLE FUNDING SUMMARY (Page 1)	St. Mary's	Musqueam	Sliammon	Tseshaht	Cowichan	Alkali Lake	Alert Bay	Burns Lake
DIAND								
IEDF LOAN	\$	15		12	596			338
	%	(18)		(2)	(22)			(18)
IEDF CONT	\$	15	122	101	743	45	53	229
	%	(2)	(11)	(14)	(27)	(3)	(3)	(12)
SPF	\$	20			46			
	%	(3)			(2)			
DPF	\$		20			56		
	%		(24)			(3)		
OTHER	\$				201	12	58	
	%				(7)	(1)	(3)	
ARDA	\$	144	262	386	523	271	366	272
	%	(22)	(24)	(55)	(19)	(15)	(21)	(14)
CEIC								
LEAP	\$	310	275		19	481	864	
	%	(47)	(25)		(1)	(27)	(50)	
OTHER	\$		7		77	398	10	
	%		(9)		(3)	(23)	(.6)	
1st CITIZENS	\$	50	40	50	52	30	134	110
	%	(7)	(48)	(4)	(7)	(1)	(8)	(6)
FCC	\$				72			
	%				(3)			
COMMERCIAL FINANCE	\$	60	220		186	187	43	20
	%	(9)	(20)		(9)	(11)	(2)	(1)
OTHER GOVT.	\$		25		57	27	23	6
	%		(2)		(2)	(2)	(1)	(.5)
BAND & INDIVIDUAL EQUITY	\$	59	N/K	160	155	212	155	59
	%	(9)		(14)	(21)	(8)	(8)	(3)
BLNDC LOANS	\$							948
	%							(50)
TOTAL		658	82	1114	706	2762	1766	1712
								1903

TABLE 6-16

FIELD SAMPLE FUNDING SUMMARY (Page 2)		<u>Bella Bella</u>	<u>Port Simpson</u>	<u>Canyon City</u>	<u>Metlakatla</u>	<u>Fort Ware</u>	<u>Kitsegukla</u>	<u>TOTAL</u>
DIAND								
IEDF LOAN	\$	810				50	103	1924
	%	(31)				(8)	(14)	(8.7)
IEDF CONT	\$	485	204	40	53	55	48	2193
	%	(18)	(3)	(2)	(12)	(8)	(7)	(9.9)
SPF	\$							66
	%							(0.2)
DPF	\$	21	64	43		39	42	285
	%	(1)	(1)	(2)		(6)	(6)	(1.2)
OTHER	\$	77	397	19				764
	%	(3)	(6)	(1)				(3.4)
ARDA	\$	461		249	185	292	251	3662
	%	(17)		(16)	(42)	(50)	(34)	(16.6)
CEIC								
LEAP	\$	42	163	319				2473
	%	(2)	(2)	(21)				(11.2)
OTHER	\$	50	141	123		92	54	952
	%	(2)	(2)	(8)		(15)	(7)	(4.3)
1st CITIZENS	\$	124			75	50	3	749
	%	(5)			(17)	(8)	(.3)	(3.4)
FCC	\$							72
	%							(.3)
COMMERCIAL FINANCE	\$			8	70		73	867
	%			(1)	(16)		(10)	(3.9)
OTHER GOVT.	\$		4020	84				4242
	%		(77)	(5)				(19.2)
BAND & INDIVIDUAL EQUITY	\$	530		539	50		155	2259
	%	(20)		(36)	(11)		(21)	(10.2)
BLNDC LOANS	\$							948
	%							(4.3)
PRIVATE CO.'s CONTRIBUTION	\$		500	65				565
	%		(9)	(4)				(2.5)
TOTAL		2600	5488	1494	433	578	729	22022

Table 6-17 compares the percentage and level of funding found at the sample communities for the decade vs the levels across B.C. for the period since 1976. Some observations primarily of interest to regional personnel are worth noting:

- the sample has a disproportionately large amount of IEDF activity as it includes the most active portion of the decade (72-76) and most active IEDF clients.
- The DPF and SPF programs are very poorly represented in the sample. The DPF is a very irregularly administered fund and worthy of study in its own right at the Regional level. Each district handles the DPF differently. In some areas presumably responsible band administration people contacted weren't aware of this resource.
- ARDA, LEAP & 1st CITIZENS appear to be dispersed as would have been expected.
- FCC was not active as there was little farming activity in the sample.

TABLE 6-17
Funding by Agency
Sample vs Region

	<u>14 Band</u>		<u>B.C. Region</u>	
	<u>Sample</u>		<u>(76-82)</u>	
	<u>(72-82)</u>		<u>(76-82)</u>	
	<u>\$(000)</u>	<u>%</u>	<u>\$(000)</u>	<u>%</u>
<u>DIAND</u>				
IEDF Loans	\$ 1,924	12.7	\$ 2,642	4
IEDF Contb'n.	2,193	14.5	2,180	3
SPF	66	.4	1,137	2
DPF	285	1.9	6,712	9
IFAP & IFEAP			7,812	11
STAB & OTHER			2,390	3
ASSOC. & PT. ED. FLEET	764	5.0	9,444	13
MEGA			1,812	3
SUB TOTAL	\$ 5,232	34.0	\$ 34,129	48
<u>DREE</u>				
SARDA	3,662	24	16,412	23
ARDSA	-		5,301	8
<u>CEIC</u>				
LEAP	2,473	16.3	11,325	16
<u>PROV.</u>				
1st CITIZENS	749	4.9	2,804	4
<u>FCC</u>	72	.5	973	1
<u>BLNDC</u>	948	6.2	-	
	\$ 14,088	100	\$ 70,944	100

6.4.3 Delivery of Advisory Services and Project Monitoring

General

The Department provides and makes provision for the advisory service through:

- staff specialists,
- funding CESO volunteers and consultants,
- funding Band Economic Development Officers,
- funding sectoral programs.

DREE (Special ARDA) provides no direct advisory services beyond assistance in form filling. They do provide funds for training in projects as well as start-up funds to establish accounting systems.

First Citizens Band contact has been extremely limited and distant. Recently this has improved but no advice of a financial or technical nature is provided. They have however funded some feasibility studies.

CEIC (LEAP) makes by far the best provision for advisory services through constant contact and the ongoing support of project consultants and outside managers.

The Advisory Role and Contact

The provision of advice is usually closely associated with project monitoring and control. When advisory services are not established at the start, or if the services established are not effective, the subsequent need can only be identified by control measures which are not necessarily in place.

The Department has only attempted control at loan financed projects. Loan conditions often specify submission of quarterly and annual reports on the project. These are not often received in a timely manner and rarely from problem projects. Problem projects often have not created the information or if they have, don't want to reveal it as they fear the results. When grants or contributions are made, the limited conditions of the relevant agreements don't provide much opportunity for control. They seldom go beyond being sure the money was used for the purposes intended.

ARDA controls only the use of the funds and the provision of employment for the target group. Both are controlled by disbursement hold-backs. Little provision is made for client contact when projects suffer. Disbursement is made on ARDA's receipt of paid invoices for the purposes funded. A 20% hold-back for up to three years is provided to be assured that the jobs still exist. If they don't, ARDA response results in no payment.

LEAP provides funds on a monthly imprest basis replenishing an original advance by the amount spent. The monthly cheque is triggered by a report that comprises a complete set of financial statements. Accordingly LEAP can do extensive analysis. No control process is more complete and more self-policing (no report, no money).

The Department staff does not monitor projects effectively. No real attempt is made as a rule before collection attempts. Collection has only been seriously pursued since stabilization.

Client and Native IBLF Board members report sporadic collection attempts until recently. Evidence on file, although not reviewed in a rigorous manner, indicated many letters of a form nature to many delinquent accounts. With earlier active follow-up, many of these projects may have been salvageable. Failed projects seriously set back the further development of small communities.

The provision of direct technical and business advice by the Department is minimal. There is no overt effort but rather a tendency to wait for help to be requested. The client who is in arrears and difficulty doesn't phone in. He is often fearful not of his development partner but his bill collector, the same person.

The Advisory services group at Region has been involved more in program development with task forces and associations than the provision of these services to project operators.

Indirect Technical & Business Services

Consultants & CESO

No quantified data could be gathered to support specific conclusions regarding the effectiveness of either consultants or CESO volunteers. With regard to CESO volunteers, their assistance at Bella Bella and at the Store in particular was extremely valuable in the end. How efficient the process was is questionable as it took several years. In the feasibility and implementation of Sliammon Drive-In Theatre, the CESO volunteer was extra-ordinary. But at the same Band, a CESO volunteer's store report was well beyond belief in its inadequacy and inaccuracy. The Department acted in accord with both reports however.

The most effective use of CESO workers is realized when a project requires a long-term commitment to develop and follow the projects, through on-site residence, or very frequent visits of several days.

Conversely, effective analytical reports prepared in a timely manner are not a CESO forte. They do not have the resources to produce the material well. Because they are retired and volunteers, they will seldom be pressed. Many have limited financial background.

Consultants' performance on the job varies as well. The Department can exercise more control when the consultant is contracted directly by DIA. Consultants selected and hired by the Bands frequently cannot be well controlled. Consultants are most effective when one desires clear analyses and recommendations in a timely manner. By the nature of their practices, the better (busier) ones are rather undependable for implementation over extended periods. They simply are not available when the problems arise. Furthermore, few projects can afford the continued involvement of consultants.

The tendency of both CESO personnel and consultants to attempt to help Bands by the recommendation of marginal projects is regrettable. The inexperienced seldom realize they are doing the Band no favour by getting them into marginal projects.

The pairing of effective consultants, to study and analyze, with good technical CESO people, who can implement (on budget) and get a project running, is an obvious solution.

Band Appointed Advisors

Seven Bands in the sample have had Band-appointed, non-Indian advisory people working in project-oriented functions. Of the 14 people they employed, 6 were particularly effective and 4 were reasonable. Two Bands experienced difficulties with the same controller, one after another. Two of the seven Bands have, for all practical purposes, been bankrupted by their financial advisors. The advisors have in each case, been guilty of gross misallocation of funds. Only experience and for more critical personnel selection policies can help overcome this problem. Bands must observe their outside employees' performance and be more critical. The provision of better opportunities, career paths, etc. will attract better candidates.

Sectoral Advisory Services

Outside sectoral advisory services are provided by WIAC and B.C. Arts and Crafts.

WIAC's extensive services program has received excellent reviews in the four areas we surveyed (Burns Lake, Williams Lake Similkameen and Kootenay).

These people provide good agricultural advice. They are very aware of the available funding sources and the terms and eligibility requirements as well as other regulations respecting each source. They regularly assist clients to fill out the appropriate applications. WIAC puts on well attended training sessions and seminars.

The single shortcoming expressed by only one rancher was that he sought financial management assistance. He would like someone to tell him what it should cost to raise a cow or a ton of hay and help him figure out what it actually costs him. He felt this was beyond his extension worker's capabilities.

B.C. Arts & Crafts

Only one Band had arts and crafts projects. Similarly, one individual owned a craft supply industry. Neither received any material support or heard from the Arts & Crafts Society. The sample is however, very small.

Do-Gooders, Missionaries, Back-to-the-Earthers, Transient Flowerchildren, and Self-Improvement Salesmen

The need for advice, attention and even a measure of respect is so great that many Bands will listen to any outside source of advice. The rejection by agencies of some of these people's pet projects often causes bad feelings. These well motivated people often have little or no relevant experience with which to address economic development.

Field Effects

The effect of this is that many Bands are not getting the advice and help they need. This is true in the North. It was found the more isolated Bands required more help and received less. Four of the five most common factors in the mortality of projects were:

- Poor Advisory Services
- Poor Project Planning
- Training & Skills Inadequacies
- Inappropriate Funding

All of these could be remedied by good Advisory Services.

In our sample, logging operations suffered from this more than any sector. The trials of Indian logging operations are well known and our sample, while small, displays the same problems. They need on-site expertise. The Department does not have nor has it ever had loggers as forestry experts. Professional foresters tend to be anything but "truck loggers". Silviculture, cruising, forestry administration are their forte. In the Department, the forester's is a trust role, the Reserve woodlands their "estates".

High quality outside help has not been available on a full-time basis to projects. Logging projects have had to support their own management. Their revenue and the grants available to provide salaries have not attracted good people. In this industry the scale of operations required to support the costs of good management exceed the scale of all the operations viewed. Burns Lake, with 10 people, is marginally smaller than desirable, only their current low debt cost due to stabilization allows them to survive.

Small sawmills and trucking outfits require management help that they simply do not have and cannot afford. Off-Reserve in B.C., these small operators are called "gypo" outfits. Gypos characteristically are frugal (to be polite) and very experienced, independent jacks-of-all-trades who, by driving themselves and others, survive and even succeed. The bulk of the small Bands' operations do not have a lead man who displays these "gypo" characteristics.

Construction companies working on Reserve trying to build houses in isolated locations with limited access to well-equipped and efficient sub-trades, experience the same sort of problems. They need experienced foremen and trainers. Where

these people are available in numbers, the construction companies succeed. The availability of these people in construction has been better than in logging. In B.C. construction slumps are frequent. The Indian Housing Program, if nothing else, is steady. Good people from time to time are available who appreciate this steady work. However, the more remote the Band, the less available is the help.

Fishing for B.C. Indians is the most successful sectoral activity. The success of fishermen and cannery workers can be attributed in large part to the fact that they do not need much in the way of advisory services.. The less successful segments of this sector, oyster culture, shipyards, etc. have needed those services and for similar reasons they were not available.

The need for accurate advice from conception to successful self-sustaining operation cannot be over-stated.

6.4.4 Staff-related Delivery Questions

The vacancy of staff positions at Districts is all too frequent. Many justified positions are simply not staffed. The frequency of extended unstaffed periods is inexcusable. Continuity is the essence of development.

If the Department can staff Indian schools without fail, year after year, they should be able to staff Economic Development positions at District Offices. Often the schools are very small and they are usually more isolated than District Offices. Yet the Department attracts to these particular jobs (among the least desirable a teacher can realize) a number of very dedicated people. Many of these teachers return year after year providing continuity to the students. With better locations and reasonable career path opportunities, BSO entry positions are not being expediently filled. Teacherstaffing is facilitated to some degree by the annual contract procedures. Should contracts not be considered for District Business Service Officers? If the CO-1 position cannot be contracted, then re-classify it so that contracting is possible if deemed practical. Appendix D outlines the vacancy levels at various positions. Some have been vacant nearly half the time they have existed.

ARDA also has insufficient staff as does First Citizens. In contrast, LEAP seems quite well staffed, although turnover is a problem in some offices.

Staff continuity problems affect LEAP and DIA Northern Offices. It is rare that anyone completes a year's service at these sites. The staff, as a result, is usually inexperienced with the job routine and the clients' needs.

Staff continuity and experience at ARDA is not a problem. Almost all their staff are ex-DIA District people. ARDA program officers, with the same sort of responsibility level as DIA program people, are one salary rank higher. They receive \$10 to \$12,000 more per year. They work out of more desirable communities. ARDA's problems have been further mitigated at DIA's expense by the provision of three or more DIA man years through secondment.

Staff training, the solution to inexperience and the grounding for career path development, does not exist on a formal or ongoing basis. The Department will assist with staff attendance at evening classes but little relevant material is offered in most locations. Practical business experience is limited in most new staff members.

6.4.5 Systemic Program Delivery Problems

The Cause of Multi-funded Projects

The need to use several programs in a project is caused by each program's strengths and limitations.

The Department's programs are endowed with limited funds and low regional authority levels. Most Band projects, if solely funded by IEDF sources, would require BHQ approvals and incur delays. If funded by large grants, they could consume a disproportionate share of the District's DPF program.

Project planners then look to other programs. There is a written policy statement in the Business Service Officers Desk Book of "deflecting funding needs" to other program areas.

Similarly, projects established under LEAP programs must also find other sources to overcome a funding deficiency. LEAP will only fund up to \$30,000 in capital equipment. It is rare for a Reserve-based project to be conceived that does not involve greater capital expenses (only construction companies can avoid excessive equipment costs). To overcome this deficiency, project planners look to DIA for infrastructure and other grants as well as First Citizens and ARDA for grants.

ARDA funds a proportion of capital expenses. This can be as low as 45%. In an expensive capital intensive project, few Bands can supply the other 50%, therefore, they seek other sources.

Both ARDA and DIA have equity requirements for Bands and Individuals. Few applicants have the equity so they look to other program grants to find the equity.

ARDA and DIA also have aggregate authority limits when total federal contributions exceed a certain sum, HQ's or Treasury Board approval becomes necessary and causes lengthy delays. LEAP does not seem to be affected nor First Citizens and other programs by these aggregate limits. Therefore one has to approach DIA and ARDA before other requests put the project over its aggregate limit.

First Citizens does not like to be the sole funder when a project is of any significant size. They encourage one to get funding elsewhere.

The diverting of most DIA grants to the District DPF fund in Tribal Council control, has in effect created another separate authority area and funding pool inside a single source. Multiple funding that started as an occasional Band initiative, is now thrust upon Bands as a necessity.

Timing and Cycles of Funding Sources

Faced with multiple sources, the applicant then discovers that they all operate out of synchronization. First Citizens approves requests quarterly. Applications must be received 6 to 12 weeks before each meeting. If an application is late, a 4-month delay could occur. If any reason causes the request to be tabled, a 3-month delay is certain.

ARDA applications are considered 9 to 10 times per year, in effect monthly, except near Xmas and during the summer.

Applications must be received at least 3 weeks before a meeting. ARDA can come to a stop for several months between Provincial/Federal re-negotiation of expired agreements. This occurred last year.

IEDF approvals are monthly but DPF monies can run out towards year-end as can other grant Funds.

LEAP approvals by their LEAP Advisory Boards occur monthly or less frequently. LEAP activity runs in rushes. If one is the sole applicant, a delay can occur until LEAP accumulates enough business to hold a meeting. At the low point of a cycle, this can take 4 to 6 additional weeks.

Other CEIC programs often used such as CCDP come in annual and semi-annual cycles. FCC loans take up to 16 weeks to process.

Because all the agencies' approvals are usually contingent on the approval of all the others, no approval exists until the last is processed.

Disbursement of Funds is similarly controlled. First Citizens will often not disburse until other funds are in place. The IEDF, ARDA, FCC, and FDBD will sometimes require that their disbursement be last. This will cause some delay until the IEDF decide to go first. But the IEDF loan and security conditions are the most time-consuming to deal with.

The need for one stop shopping and effective interim financing measures is evident.

Project Rejections:

Few of the preceding programs, as a matter of routine, inform Bands or Individuals in a timely manner that their request has been denied. Refusal in many cases never really occurs. A continuing delay in processing the request or some other tactic occurs.

The LEAP application and project development process has so many steps and decision points and the projects are so shaped by the program that once in the hands of the program, the idea is re-worked until it is a project. Rejection is extremely rare. LEAP will stop an ongoing project if it does not comply with the reporting or financial requirements, but it has not been known to stop projects for reasons of economic futility. Many projects struggle for three years to a very predictable failure.

The way rejection is handled and the way some programs handle foreseeable failures gives little dignity or any reasonable measure of respect to the Indians. In cases when a Band knows its project is viable, and receives rejections, the Band loses faith in the rules of the game.

6.4.6 Delivery of Training Services

The provision of Advisory Services has been previously discussed. Job skills training and management training is closely related. The delivery of training is less adequate than the delivery of advice. Agencies disagree over the responsibility for Indian training. The responsibility could be said to rest in DIA with the Economic Development Activity or the Education Group or it can be said to rest with CEIC through their

various programs. All these groups provide training on occasion as do DIA-supported Indian associations like WIAC. There is no unified approach or assumption of the training responsibility. The Associations, quite reasonably, limited themselves to training in a single field.

The various government structures provide a limited menu and if the project cannot find what it needs in the right place at the right time and cost, it goes without. Training is provided by agency-designed systems to meet agency-identified needs through agency or institution-created courses. The course content and scheduling and frequency is also planned in a top-down manner.

Training does not reach out to the Reserve, its people or projects the way it does in the city. While doing so would be expensive, it must certainly be attempted more frequently than it has been.

The Camosan College ran an effective Native Business Management course. It was offered in the early 1970s when there was little Native Business Activity. As a result, people from all over the province had to come to a single site (Victoria) to fill a course. The course had to be full-time because travel on a daily or weekly basis was impossible.

The number of Native People involved in management today has so increased and the proximity of clusters of Bands in a 2-hour driving range is so common that courses offered one or two days per week for extended periods are possible.

A course enrolment of 25 people would be easily achieved at up to seven sites in this Province.

Job Training is provided through training projects and education programs. These are very often out of synchronization with project needs.

Traditional training courses offered to Indians were not of any use on Reserve. It is rare that a Reserve does not have an overwhelming number of hairdressers and hospital trained Nurses Aides. The skills cannot be used to provide an income. Throughout isolated Reserves, there are many trained sheet metal workers where there is no central hot-air heating, mechanics who can only work on each other's cars. Indians believe these people were trained to leave home and many did.

When an economic opportunity becomes a project, often no one has had the appropriate training. Job training projects outside of construction, have not been terribly successful. Frequently, a pressing problem is resolved by establishment of a training project to get it solved. When solved, the work goes away and the skills are lost. On other occasions resource base (the Reserve timber) exhaustion occurs at course completion.

6.4.7. CHANGES IN THE ECONOMIC DELIVERY SYSTEM

General

With few exceptions the system has not been changed as much as it has been added to and embellished. The changes made in the form of alterations of direction and control have had little field effect nor much opportunity to effect field projects.

Changes in Objectives

The objectives of the overall activity, the Purpose, have not been changed. They have been left to fade as the Department at large including the Economic Development Activity, became advisors and responders rather than doers.

Program Objectives have not been materially changed, supplemented, or even rescinded. While frequently restated, they have remained particularly consistent although the "action imperatives" have been converted to "reaction imperatives".

Those objectives related to the IEDF remain constant but have been toned down to a degree through less frequent reference. Those of the BEDC and BWP have been included in the Development Project Fund and re-defined by the Band Tribal and District Committees. See Section 2.7.

Policy & Procedure Changes

The documented policy and procedures, the controls of the programs have not been altered to the extent that they would effect the economic development process at large. The DIAND staff interpretation of the policy has likely had an effect in limiting the availability of loans. However, the simultaneous increase of interest rates so reduced demand that the decreased availability and tightened eligibility was hardly evident. (See Appendix D for details).

Stabilization Effects

Stabilization caused no systemized change. The objectives, policy and procedures before and after stabilization do not significantly differ. Stabilization directives and workload brought IEDF and other related funding to a virtual standstill. It also created a profound attitudinal impact. It is in fact the only IEDF benchmark in the decade.

The attitude and response changes effected by this brief application of restrictions have resulted in an inability to get the loan function of the IEDF going again, and as a result the loan fund has a large surplus.

Reorganization

Two reorganizations are noteworthy. "Sectoral specialists" in Advisory Services have become "Major Project Analysts". The arts and crafts specialists, regional forester, fisheries and other specialists have gone.

This has eliminated some potential means of the provision of appropriate advisory services. The specialists could not only provide the service but could also select and judge other providers such as consultants and CESO workers. The other organizational changes created the Socio-Economic Activity from the Social Services and Economic Development components of the Department.

However, Socio-Economic Development Activity exists solely on paper and most obviously in the Annual Program Review. No current economic development activity reflects the name change or even its implied intent. The change resulted in the BWP and two Youth employment programs being tacked onto the current program package. They have since been absorbed into the DPF.

The implied Socio-Economic theory influence never occurred. There are few classical Socio-Economic Projects. Projects of a marginal nature requiring ongoing subsidy from Social Services sources currently do not exist. The technique has only been exploited for finite term projects since Work Opportunity Project (WOP) in 1973 and its successor, Band Work Process (BWP). These programs offer reasonable opportunities for bands only at their early development stages.

Field Receptivity to Change

Few planned changes have caused field effects. It is evident that by their design that wide field effects could not really have been expected. However, any action to effect a change will have a very limited effect because of the field environment. We have seen that the DIAND funding role is small by comparison to others and that DIAND's active project participation is not universal.

Accordingly, the overall Band dependency on any single service is low. Only a few Bands have such a broad dependency that they can be affected by almost every move.

The greatest change this DIAND activity causes results from the program's first arrival in the person of an effective field officer. Then project specific activity is so accelerated and so consuming for Bands that unless what is changed in the Program effects the activity at hand directly, no effect is observed.

Once a project is underway its course is established and little change can be accommodated. It has been observed that if need be, the project will be exempted from the change.

We have also seen that Bands are all at different development capabilities levels and exploit different development processes in accord with their level. Therefore, most program changes will only effect the segment of Bands in a given level. The needs characteristic of Bands at various levels have been recognized by the additions of programs like the BEDC & DPF.

6.5 PERCEPTION OF THE ACTIVITY BY THE INDIAN PEOPLE

6.5.1 Perceptions of the IEDF & DIAND

Band Member Perceptions

The IEDF and associated DIA-sponsored Economic Development activities are essentially unknown to the average Band member in B.C. During our survey, few respondents 'on the street' were able to comment on the subject. The (Indian) man on the street is aware that Government funding is used by his Band for visible projects, and on the whole appreciates the assistance. There is a growing awareness of the concept of dependency and the need for self-development. Over the ten year review period, the level of awareness and interest in development has increased dramatically among the Reserve populations.

The needs of the community residents have concurrently shifted from simple welfare support to more complex and specific requirements. For the average Band member, the IEDF is a part of an overall elaborate mysterious system which provides for his needs.

The structure and communications of the IEDF have effectively limited contact to Band Councils, community leaders and some business sectors (fishermen and farmers). On the whole, Band Councils provide the interface between outside agencies and their membership.

Difficulties arise because Indian people who, on the whole, dislike written communications, are forced to interact with a Government agency that depends so heavily on written material. Members at Canyon City specifically requested that we emphasize their desire to deal verbally with a local representative.

Band Leader Perceptions

Among the Band Councils and community leaders today, the IEDF is viewed as a very minor source of funding. Most leaders expressed the opinion that at current loan interest rates, the IEDF is too expensive to use. It is also a time consuming process.

Historically, the IEDF has sometimes suffered from the adversarial techniques developed by many Indian organizations for dealing with the DINA. Experience has proven that an aggressive and confrontational approach has yielded benefits for the Indians in negotiations with the Government. This approach has limited, in some cases (Kitsegukla, Similkameen), the ability of the DIAND staff to provide effective advice to its clients. At Similkameen, this confrontational approach reached a climax during our research and contributed to the Band's withdrawal from the study.

The most pervasive complaint of IEDF clients concerns the lack of non-monetary assistance. Bands such as Bella Bella in the early 1970s and Cowichan were shocked to discover that support was effectively limited to the transfer of funds. Most Bands expected to receive ongoing involvement and guidance after disbursement of funds. The analogy of the doors told by an IEDF client at Kitsegukla provides a vivid description of this problem:

The doors to economic development are ornately decorated and very appealing. Advisors from the DIA extoll the wonders of what lies behind the doors. Over time, the attraction of the doors becomes irresistible even if what lies beyond is unknown. With the support and encouragement of the DIA we open the doors and enter. The doors

close behind and we are left in the dark, suddenly alone and falling to the water below. Swimming in the dark we call for help, but the assistance that is thrown to us only weighs us down farther. (Apologies to the storyteller for this crude paraphrase.)

Perception of IEDF Service

The IEDF is most frequently viewed by knowledgeable clients as a source of bridge financing or as a trigger to secure acceptance by a larger funding source. It is common knowledge among the Bands that approvals from other sources such as First Citizens, ARDA and CEIC are often contingent on DIA approval as expressed by an IEDF offer. In Kitsegukla, for example, an apparent IEDF approval was used to convince ARDA to commit its support.

The IEDF is perceived as a remote and rather unfriendly operation. All Bands commented that IEDF staff have rarely or never visited the project's actual site and were unaware of its progress. It was frequently stated that the only contact with the DIA occurred when IEDF loan payments were in arrears, or at the proposal stage when assets were being sought as loan security.

Both because of the low staffing levels and the limited range of experience of new staff members, DIA economic development staff is seen as inadequate. Many leaders stated that the staff does not have the business knowledge required to properly assess proposed business ventures in a variety of fields.

In the North of the Province, many Bands complain that until 1978/79 they were unaware of the IEDF. Canyon City and Metlakatla, for example, did not know the support was available for the first 5 years of the fund. It is their opinion that favouritism was shown toward southern and high-profile Bands during the early 1970s and to some extent still today.

Differences Between Bands

The diversity of Bands and the range in their level of development has meant that a different relationship has evolved with virtually every Band or group of Bands. The Indians' perception of the IEDF differs radically between Bands. Indeed, the actual performance of DIA economic development activity is different between Bands. Fort Ware is highly dependent on the District staff to co-ordinate and prepare plans. They have developed a friendly working relationship that utilizes the DIA as a trustee over their affairs. Kitsegukla and Sliammon are in conflict with the DIA and perceive the IEDF structure as an opponent that stands between them and their success. Port Simpson has recently outgrown its dependent role in economic development and has demonstrated during Dome negotiations that it can use the DIA as a resource tool under Band control. Like the NVIA in Merritt and the Kootenay Area Council, Port Simpson wishes to create a development corporation which can administer its own investments.

These more sophisticated Bands have expressed their feeling that the DIA and IEDF do not really want to stimulate self-sufficient operations. These leaders wonder if the DIA merely wishes to replace welfare dependency with DIA-sponsored

dependency on the IEDF. The IEDF is seen to support marginal operations which will require ongoing support. They are not seen to assess the 'true viability' of the proposals in terms of survival and growth. It is particularly disturbing for these Bands to perceive funding decisions as being based on the needs of the clients rather than the feasibility of the projects.

When commenting on funding approved for a neighbouring Band, leaders frequently wondered why approvals were contingent on detailed financial forecasts but failed to assess the ability of the client operator. Very often they felt that the inability of the proposed operator was obvious at the outset, but ignored as a decision factor.

Bella Bella and the NVIA have discovered that funding such as the IEDF can be used to set up operating businesses and create job opportunities. Unfortunately the structures create many jobs for middle and senior management which they are unable to fill from a Band membership which doesn't have the training. Now that their elaborate economic structure has been created, they feel the training of effective management is crucial. The IEDF and other sources are seen as unable to provide a training system and have essentially given the Band a machine for which they have no operators. ARDA specifically was perceived to assume that the community possesses the management skills. Many of the CEIC-sponsored programs (and others) are so specifically directed at the disadvantaged that they prevent participation by skilled Band members, and thus fail.

Complaints and Shortcomings

At a functional level, virtually every Band complained about delays in processing proposals and more importantly, delays in disbursement of approved funds. Each of these Bands provided specific examples of costly delays. The delay in disbursement was frequently the catalyst for financial complications which took years to resolve. Once loans or credit is used to bridge delayed payments, the cash flow is constricted versus forecast. Unforeseen costs subsequent to these events in a project with inexperienced management often leads to financial panic and poor decisions which compound the problem. Projects taken on by Bands with inexperienced managers which have the usual multiple funding sources, are already too complex for them to comfortably administer. Delays and resultant bridge financing present management with complexities that would strain the ability of an experienced financier. Project managers believe that it is difficult enough to establish and run a project on Reserve with Band staff, and that financial complexities from delays in disbursement of funds are an unnecessary and often deadly intrusion.

The IEDF is frequently the source of bridge financing loans, and loans to cover working capital shortfalls from core funders. Because of this, the IEDF loan is frequently the focus of crisis if the business fails. Projects which have received substantial grant money and even a small IEDF loan, face the collection process of the IEDF when the monthly repayments are missed. In contrast, the sponsors of the substantial grant would be disinterested at this stage. As a result, the IEDF is often seen as a villain, causing disruption of a big project over a small loan. This is occasionally intensified when the IEDF is seen as part of DIA's overall role in the welfare of the Band and loan forgiveness is anticipated.

With a long history of the DIA providing guidance to the Bands on a variety of matters, the IEDF role of collection agent is seen as inconsistent. The larger Bands in our sample expressed the belief that the DIA's role as co-developer is in conflict with its interest as a banker.

Perceptions of Outside (Non-DIAND Economic Development Funding Generally

When initially asked to comment on Government funding for economic development, the Band Manager at Similkameen brought out an envelope received in the morning mail. The envelope contained a call for extensive proposals for a new program whose deadline for application was a few days hence.

His frustration was typical of the general attitude among the Bands surveyed. The funding sources are seen as remote, impersonal and unaware of local conditions. The communication networks are faulty and the application requirements are inconvenient and constantly changing.

The community leaders who are often consumed by the daily municipal affairs and human needs of the population, view the passing parade of funding alternatives as bureaucratic self-indulgence on the part of the Government. More and more, Bands are calling for a co-ordinated and stable local funding source to expedite their development plans.

Some Bands such as Metlakatla have found that no funding source would finance a project whose intent was to supplant a competing but expensive and ineffective existing business off-Reserve. The frequent policy to avoid a government-funded business competing with a private business is understandable. Nonetheless, economic development for the Indian People will have to compete successfully with outsiders if it is to grow

to meet realistic objectives. The entire tourism sector, which offers significant potential, will involve such competition. Because the Bands have limited access to independent Bank financing and are thus often forced to use government assistance, they feel that such off-Reserve, competitive businesses should be supported.

In our discussions with Tribal Councils, there was consistent interest expressed regarding total funding for Indian Economic Development. All were suspicious of the slippage in total dollars between Treasury Board and actual projects. The cost of DIA salaries and administration was believed to consume 40% to 60% of the money allocated for Indian use. The North Coast Tribal Council wondered why they couldn't receive 100% direct from Treasury Board. The benefits of DIA administration were seen to be far outweighed by the cost.

All community leaders interviewed were asked to comment on each of the funding sources. A summary of their comments by source is listed below.

LEAP - The more sophisticated Bands observed that LEAP's inability to provide funds for capital expenditures results in projects with limited physical assets and oversized staffs or extremely complex funding involving many agencies.

- The immediate reaction of most leaders was to comment on the 3-year termination of LEAP support. All had seen LEAP projects fold after the third year and feared repeating the phenomenon themselves.

- Those that had participated in LEAP projects were very pleased with the level of involvement of LEAP staff and their ongoing guidance.

- Some leaders, particularly those with Forestry projects, felt that the LEAP structure was too inflexible for their needs and unable to allow the project to adapt to a rapidly changing business environment.
- LEAP's willingness to provide working capital was seen as a major benefit. Other sources such as the IEDF are viewed as offering very limited working capital.
- LEAP bureaucracy is perceived as difficult to deal with. The Regional management is seen to have its own departmental objectives and little concern with the long-term success of the project.

ARDA

- ARDA is perceived as the major source of funding available and is also seen as the most desirable core sponsor for projects because of the grant structure and extent of support.
- The strong Indian representation on ARDA approval boards is a major positive factor in the Bands' perception of ARDA.
- ARDA is universally known to be slow in processing approvals and subject to lengthy delays in disbursal. The majority of ARDA-supported projects reviewed in this study suffered from approval and disbursal delays.
- The ARDA system of payment on receipt of paid invoice rather than up-front funding is seen as a problem by

Bands with limited working capital. In many cases, clients did not understand this system and fell into debt with suppliers. This difficulty was compounded in most cases by delays in payment after the client submitted invoices. The Metlakatla Ferry project, for example, experienced delays on each and every cheque which required active pursuit to release.

- The ARDA hold-back on final payment caused difficulties in many cases. On completion of construction most projects start business with limited working capital. The ARDA hold-back hits the project at the very moment that working capital is most needed, and the business most vulnerable.
- Two Bands complained that ARDA was unwilling to deal directly with their Bands but went behind their backs to DIA. Based on correspondence, we believe that ARDA does require some level of DIA approval before it will support a Band project.
- ARDA staff is generally seen as approachable, accessible and easy to work with.
- Some Bands (Bella Bella, for example) found that Banks were unwilling to accept ARDA commitments as loan security. The Bank's experience with ARDA delays in delivery led to many refusals for interim financing.

First - This source is known as (and accepted as) an Citizens unpredictable lottery which approves and rejects Fund projects seemingly at random.

- Most respondents assumed that approvals were subject to political game-playing at a variety of levels.
- The fund has been criticized for avoiding practical projects in favour of rodeos, ballparks, etc.
- For projects approved by First Citizens, the clients had no complaints concerning delivery or service.

CEIC - CEIC Programs (excluding LEAP)

- These sources are accurately seen as interim measures to deal with seasonal unemployment and short-term projects.
- The large variety of program names, criteria and life spans has led to general confusion on the point of the Band administrations.
- The recently proposed 'one-window' concept for CEIC reflects a response to the problems described by most respondents in our survey.
- Many project co-ordinators found that the salary level offered by these programs was too low to attract workers from UIC. In order to use CEIC programs, it has proven necessary for the Bands to subsidize the wages. Some Bands resist the use of CEIC programs because they cannot afford to subsidize wages.

- The majority of CEIC projects surveyed were short term and resulted in negligible development benefits over the long term.
- The CEIC is viewed as the appropriate vehicle for skills training and management training.
- The CEIC is perceived to have failed in providing sufficient job training for the staff of Indian economic development projects generally.

CESO - The response of clients to CESO assistance varies between CESO workers as individuals.

- Some CESO workers were seen as entirely unsympathetic and hostile while others were valued as hard-working contributors.
- CESO workers are viewed by some Bands (approximately 50%) as spies for DIA or as substitutes for DIA staff members unwilling to visit the Reserve. These Bands view CESO reports as report cards detailing the project's shortcomings.

WIAC - Bands are pleased with WIAC field men. They serve as typical agriculture extension workers providing technical advice, funding program information and application assistance.

6.6 COMMUNITY BASED DEVELOPMENT ISSUES

6.6.1 Background

The concept of community based development gained prominence during the mid-1970s through the NIB's efforts at the National level. The Approach was based on the belief that locally conceived and initiated projects are more successful than those imposed on the community from outside. The issue is also known as "bottom-up" versus "top-down" development.

The belief in and support for community based development spread rapidly through the field staff of most agencies. Today there are few workers at any level that would oppose the concept.

In B.C. there has been little "top-down" activity particularly in recent years. The acceptance of community based development among the staff of funding agencies has not been matched by a supporting change in funding structure. The DPF is clearly a step in the right direction on the part of DIA, but even this is merely a redistribution of existing separate sources.

6.6.2 Recent Developments

While community based thinking is encouraged, there are limited mechanisms to work with. Burns Lake and the NVIA have established development corporations to resolve the difficulty. Port Simpson is in the process of creating a similar corporation.

So long as development on Reserves is dependent upon multiple funding sources with differing criteria, reporting systems and objectives, true community based development cannot be easily achieved. Under the present system, a community developed plan would have to be segmented to fit various program criteria and would likely find funding gaps for elements of their plan not specified in any existing program's criteria.

6.6.3 Client Capability

From a different perspective, community based planning is advantageous because it takes into account the abilities of the clients. A characteristic of top-down development is the support of theoretically feasible projects proposed for individuals or groups incapable of proper implementation. The current funding systems rarely assess the ability level of the clients and appear to assume all Indians are potential entrepreneurs. As long as the funds are dispensed from an outside source, no one in the community is unduly upset if the funds are wasted. If, on the other hand, the community itself assessed projects and dispensed the funds from its own finite pool, they would soon ensure that recipients were capable of implementation. The IFAP program is a demonstration of the success of this personal assessment approach to funding approvals, as is NVIA's administration and recent Burns Lake Development Corporation decisions.

6.6.4 Community Readiness

Community based development requires that the community have the administration, the skills and the initiative to identify and proceed on local opportunities. It is obvious that the

readiness of the Bands in B.C. differs greatly. Some Bands are prepared and waiting and others barely aware. Community based development approaches can only proceed if the community has an established and effective administration. This administration can be at Band or Tribal Council levels but it must have the ability to properly research local economic potential. The ability to keep accurate, well-organized informative financial records, in a timely manner for use in day-to-day control and management of the project, is essential.

6.6.5 Leadership

In many cases during our survey, it was evident that individual Bands abruptly became active in economic development. Closer study revealed that in most cases these turning points reflected the return to the community of a Band member who had acquired skills from outside schooling or employment. The presence of one or two particular individuals is often the common denominator to successful projects. The "readiness" of a community in most cases was felt to exist because of the presence of a very few key leaders.

There was little evidence of the growth of a middle management layer. The projects are generally unsuccessful in developing management from within the project or community. The source of replacements for the key leaders is often in doubt. Unless more ex-residents are enticed to return with their skills acquired outside, periodic management crises should be anticipated in perpetuity.

6.6.6 Appropriateness of Work

A significant element of community based development is the question of appropriateness of work. It is argued that top-down planning frequently results in work content inappropriate for the clients. The proposal that Metlakatla engage in farming is an example, humourously related by the resident fishermen. The Cowichan Farm is another well-known example of the top-down syndrome and resultant inappropriate work.

Based on our survey, it is apparent that projects planned top-down experience serious operational difficulties and frequent failure during the first years of operation. Such a project is extremely vulnerable because few participants are sufficiently motivated to ensure the project's survival when obstacles are encountered. When such obstacles are met, either the project terminates or additional funding is injected to restore the operation. In addition, such projects require extensive monitoring by the outside agencies who feel responsible for "their" project.

Over the short term, our findings confirm those of the studies conducted in the early 1970s which led to general acceptance of the community based concept.

Over the longer term, however, we found indications that some top-down implementation of Native-conceived projects can become successful. The initial period of operations demonstrates the classic failure symptoms of top-down planning. After a period of 5 to 10 years however, there is evidence that the community and the generation of young adults come to accept the project as their own. At this stage, such a project offers stability and direction for a new generation of workers who do not see the work as inappropriate.

At Bella Bella, the leadership remembers the agonies of the early years of managing seven new companies and wonders why they were allowed to take on so much. In retrospect, they are quick to point out that they bit off far more than they could chew. For years the businesses experienced financial and management crises. No leader in Bella Bella would, with benefit of experience, claim that the community was in a state of readiness when it took on the projects. Now, ten years later, the projects have taken root and the local economy is active and healthy. In Bella Bella's case, the long-term results indicate that the ten years of stress may have been a necessary stage in community development, leading to experienced management control.

The question of appropriateness of work is relevant primarily for the success of project start-up, many projects can become "appropriate" if they survive as part of the community long enough to inspire the youth.

6.6.7 Learning On-the-Job

Indian leadership frequently suggests that for economic development they must have the 'freedom to make mistakes'. We would revise this to the "Freedom to Start". There is no doubt that experience is the best teacher in development control and administration. The presence of an experienced leader has proven to be the most critical factor in project success. It is essential that funding sources accept the need for new leaders to develop their skills through participation. The success of such projects cannot be judged solely by financial measures, but also includes the experience gained.

6.6.8

Individual vs. Community Projects

The issue of individual versus community development support was not apparent in the field. There were no examples of serious conflict or even a consciousness of a potential problem. The lines dividing spheres of community interest from individual interest were clearly demarcated in virtually every case.

In most communities along the coast, the core economic force is fishing. The role of Band Councils' economic development support in every case was to stimulate off-season and non-fishing activities. It is the concern of these Councils to develop band projects as alternatives to the declining fish industry and to create off-season employment. In the Interior, agriculture is the core activity and most Band Councils have become directly involved in funding support of individuals' efforts.

The social and political structure of Reserve communities has historically been supportive of centralized leadership and planning. The strength of most communities lie in their communal spirit and the willingness of the individual to defer to the group. Because of this communal priority which was evident in every Band surveyed, community sponsored development is without doubt the preferred funding vehicle. Individual projects will continue to exist and succeed, however, they will never be the basis for broad development in Indian communities.

In most cases, individuals have formally or informally received community approval before proceeding with a new project. Individual projects tend to be ones which create

family employment. While this is worthwhile in itself, these projects rarely expand or stimulate associated development. Community-sponsored projects, while less likely to succeed, have the potential to involve a broad range of workers and the internal motivation for expansion and growth. More importantly, workers or managers of community-sponsored projects are able to transfer the experience gained to new community projects. The potential cross fertilization of project experience is a significant benefit of community-sponsored projects.

A focus on community sponsorship does not preclude individual entrepreneurs. In fact, the two organizations with community funding control, the NVIA and BLDC, have the largest number of individual projects of all the Bands surveyed. The creation of local development corporations has resulted in a flood of individual applications in both communities. Interviews with these individuals reveals that community level control of funding made the process approachable, simple, understandable and possible. Not surprisingly, the level of loan repayments by individuals, and to the NVIA in particular, is significantly higher than that for outside loan sources.

Based on the activity level of community members, the clients of the local development corporations are far more frequently satisfied than those in other communities directly utilizing outside funding sources.

7.0 CONCLUSIONS

I. The Indian population of B.C. is an assemblage of independent cultures, Tribes and Bands whose development needs must be addressed separately. Several dimensions and characteristics where Bands differ have a critical impact on their economic development needs.

i) There are 22 distinct language groupings. The Interior and Coastal Salish language group and the Carrier language cover perhaps half the inhabited area of the province. The Bella Coola language is confined to a single Band.

ii) Many Bands have several inhabited communities. In some Bands most members do not live in a community but rather spread out along the river or in the meadows. Some Bands' whole population is in a single congested community.

iii) The size of B.C.'s 190 Bands varies. About 50 have less than 100 members, 109 have less than 200 members and about 10 Bands exceed 1,000 members.

- iv) The terrain and the physical resources accessible to the Bands include those of rain forests and arid desert-like areas, fertile river valleys, high plateaus, wooded mountain sides and broad beaches. Bands and tribal groups cut off from each other by mountain barriers and large bodies of water.
- v) In an area the size of central Europe there are collections of people whose cultures, languages, resources and territories differ as much as those of the European Nations.
- vi) The Bands' level of economic development and even their capacity to become involved varies dramatically. It does not relate to Bands' location. (Bella Bella is 300 miles from Vancouver) nor to Band size, it is purely circumstantial. The Bands that had the right leadership at the right time have become involved. Some Bands whose economic circumstances have got them attention are on a path to development. Bands impacted by non-Indian development have had development thrust on them. The longer involved, the more the Bands have progressed, as a rule.

II. Despite a number of shortcomings, serious disruption, and a relatively limited committment in the face of the need; the 10 year period of economic development has realized significant successes. A comparison of conditions before and after the period clearly reveals progress has been achieved and that the investments made were justified. Furthermore, there is evidence to support further investment and there is reason to believe that the beneficial effects can be accelerated.

In the sample bands some 249 full time jobs and 309 part-time jobs were created, at a cost of \$23 million. Of these 145 full and 203 part time jobs proved to be viable. The investment for each equivalent of a full time job creation was \$41,300 and for viable jobs some \$72,600. Government sources provided \$18 million, or \$34,300 and \$60,300 of this investment per job created and viable job respectively. During the period 1976 to 1982, Government invested over \$70 million. If the sample is reasonably representative of the period over 1,100 viable jobs will have been provided in the last six years by the \$70 million investment.

Assuming the relative accuracy of the 1,100 figure, it should be stressed that they have been provided by projects that are completely in concert with community objectives, and all have a high degree of community support. There has been little of the negative benefits that are often usually associated with projects that attempt to create 1,000 or more jobs. It can be confirmed that community level projects are a very reasonable alternative to larger projects.

The bands in the sample have shown the capacity to succeed, given the required resources and assistance.

The most prevalent common factors of successful projects are known:

They are - good project concepts,
 appropriate funding,
 management drive and attentiveness,
 effective planning.

These can be identified and implemented.

The most prevalent factors related to unplanned project ends were: -environmental factors,
poor advisory services,
poor project planning,
inadequate training of management and staff,
inappropriate funding.

The effects of all of these, save one, can be reduced by various measures at the program delivery level.

The community environment in which development projects take place has changed. The change has permeated through tribal councils which are in effect a community of communities. Thus changes in the leading communities of a tribal council affect all the council's community members. Few communities have not experienced a positive impact in the decade.

The changes in these communities were both a prerequisite for development and the product of development. the causes and effects are a reiterative set and they support each other as a band gains in project implementation capability.

The positive environmental changes comprise some that are largely attributable to economic development and others that are only partially so.

Changes to a great extent attributable to economic development are:

The pre-requisite skills of administrations have increased dramatically to meet community and economic development needs.

The voluntary involvement and contribution of Native people in program design and delivery from IFAP, and WIAC, and several other groups has increased and been significant.

The whole ethic of some communities has changed as a result of employment opportunities.

The attitudes of many non-Indian communities have become more positive. They have observed continued Indian achievement in fishing and ranching. They now see effective Indian People at work in the towns of Burns Lake and Merritt and elsewhere, managing their own activities.

Indian people's recognition of economic phenomena and opportunities has changed. Initially, economic development meant more fishing and more farming. Indian leaders now realize that with declining catches and less available land they must diversify. These leaders also recognize that diversification to counter seasonal and counter cyclical activities is essential.

Economic Development has been partially responsible, along with Local Government as a rule, for these more basic community environmental changes:

Administrative structures are now prevalent at most Reserves.

Necessary physical infrastructure has been provided and is well used (buildings, wharves, etc.).

The attitude toward Councils which are now seen to provide tangible benefits independently has improved.

The objectives of many people is to seek the benefit of independence rather than increased dependency benefits.

Finally, in the sample communities almost every tangible piece of evidence of community development, economic development and community infrastructure is a post 1972 creation.

III. Some successful Bands have outgrown the abilities of existing support systems. The development of communities in the sample appeared to evolve through the following stages:

1. Needs and Advice identified.
2. Funding and Operation.
3. Record keeping and project planning.
4. Integrated long-term planning and control of funding and outside experts.

The IEDF and other funding sources currently available are effective in assisting communities through stages 1, 2 and 3. When a community reaches stage 4, there is no mechanism available through traditional agencies. The NVIA, LEDA Corporation is the only example of success at the stage 4 level of development. It is clear that communities nearing stage 4 will still have many unmet economic development needs and unexploited opportunities. In fact, it could be said that their own economic development is just starting. They should not be constrained at this stage by government. The processes and programs initiated by the last ten years should not be restricted while need and potential still exist. A more flexible system to meet band specific needs of capable bands is essential. Such a system would see a community prepare its own plans, design its own program and finance its objectives with its own Development Corporation.

- IV. Project planning and implementation is severely hampered by the need to assemble multiple funding sources. Each funding system has specific limitations to the type of activity it will support and the sequence in which it will disburse. The variety and number of sources is bewildering and intimidating.

Most projects are planned based on an assemblage of funding sources whose requirements differ. This places undue financial complexity into the hands of a frequently inexperienced manager who should be concentrating on implementation. There is a critical need for unified project funding and planning.

The fragmentation of sources is reflected in project structure. Projects frequently are broken into segments eligible for various funding. This de-stabilizes the project and can leave funding gaps for elements of the total project.

- V. A few fundamental delivery problems have hindered every aspect of project development.
- 1) The provision of Advisory Services is inadequate overall save a few instances. While systems exist to provide good advisory services, they are not fully implemented. Only a few projects receive the proper attention of appropriate and competent advisors.
 - 2) A tangled network of multi-program interdependence slows project approvals and program proceeds.
 - 3) Vacancies of staff positions, staff turnover and staff inexperience in all major programs have been a constant barrier to initiating projects and development in some Northern areas.

- 4) The mechanical aspects of funds delivery are difficult by design and through frequent disfunction. General conditions such as hold-backs and specific conditions on loans and grants seriously strain implementations and cash flows. Disfunction in disbursements have plagued projects for the decade.

These problems plague all development agencies.

VI. The DIA has difficulty filling the conflicting roles of management, consultant, and banker for its clients.

- 1) With its recent emphasis on loans, the IEDF staff have increasingly taken on the role of bill collectors. As such, the staff is avoided by clients experiencing difficulty who most need assistance.
- 2) Similarly, advice given by the staff is not often seen from the perspective of a 'co-conspirator' but is seen to reflect DIA's concern for repayment of the IEDF loan.
- 3) There is no real incentive built into the DIA system to motivate staff to create stable, successful projects, just to ensure loan repayments. Many staff members are of course personally very well motivated.
- 4) A further conflict arises from the Department's long established role as trustee and provider. This role permeates DIA thinking and is understandable and perhaps unavoidable. As dispensers of economic development funds, however, their judgements of project eligibility tend toward client needs and away from commercial viability assessments.
- 5) The diversity of project substance from farming to hotels makes qualified assessment at all levels from the field officer to BHQ difficult. The Department, like the client is dependent on outside expertise and often cannot assess outsider's capabilities.

- 6) The day-to-day advisory relationship between the Federal Government frequently erupts into an atmosphere that make relations difficult. Issues like the Constitution colour relationships for months. Events like the seizure of vehicles by Fisheries Department can make visits very difficult. It takes an unduly long period for any individual to overcome the natural and well-founded distrust of Indians to DIA employees. Some employees never do gain any trust, no one gains trust everywhere, too many give up. It takes longer to gain a reasonable level of trust than a reasonable level of experience.

- 7) Finally, when effective relationships are established between developing bands and DIAND districts and a course of action planned, the process must often start all over again at Region and then H.Q.'s. Bands have expressed extreme frustration over the length of time taken to resolve conflict between levels of the department and the frequent futility when one such level is head quarters.

VII. There is a critical need for qualified management advice for project managers.

- 1) Virtually every project manager interviewed expressed concern that there was no ongoing source of advice. When faced with management decisions there has rarely been anyone to turn to for guidance. Trial and error management has been the result. Poor decisions have led to a loss of confidence and morale in new managers.
- 2) The extensive advice and assistance usually received during preparation of proposals and applications terminates abruptly when the funds have been disbursed. They are encouraged to begin, but are often abandoned once underway. The goal of most agencies is disbursement of budgetted funds. Who is responsible for the survival of the project?
- 3) The continuity of outside advice is inhibited by use of professional consultants for long term problems and the expediency of service by the use of volunteers.
- 4) The quality of the advice from internal and external services is often questionable for a host of reasons.

VIII. There is a desperate need for management and staff training services.

- 1) The most frequently mentioned problem among Bands with an established project activity was the lack of job skill training and management training programs.
- 2) The more highly developed Bands and projects have created job opportunities for which there is no qualified staff. They have built the machine but have no operators.

Management, sales, trades and financial positions exist (or should exist) on several projects. They remain unfilled or are inadequately handled because there are no trained Band members and no appropriate training available for eligible candidates.

- IX. The delivery systems presently in use do not force any program people to accept any measure of responsibility for project success.

Any attempt to develop and impose controls to force responsibility is not warranted. The prime objectives are not, nor should they be, action-oriented. They cannot then be quantified. Accordingly, the technique of developing surrogate objectives and goals or key performance indicators would have to be used. This would require the recording of visits to projects, instances of advice given or arranged, frequency of acceptance and implementation of advice and results, ad infinitum. In 1974 just such a system was partially implemented. It quickly became a burden to DIAND staff.

Just how one makes all the program officers do their job to the best advantage of the projects and actually accept some measure of responsibility remains illusive. The possibility of reward by monetary means or advancement are limited. Praise would help, particularly from the client. The client however, already expects service that he is not getting so when he gets the service he will not be terribly thankful.

The assumption of a measure of project success responsibility by DIAND personnel is generally greater than that

of other Program personnel particularly ARDA and First Citizens.

The monitoring and control of projects by field people while reasonably desirable, does not of itself create project success. LEAP projects are closely monitored and have a poor on-Reserve record of success. Therefore project control is not acceptance of a measure of responsibility for success.

The provision of funding resources for community based development by means of local unfettered loan and grant funds will automatically shift all responsibility to the client. The developed groups can handle it. The responsibility will be self-enforcing. The funding will be theirs and the corporation a desirable asset.

In qualifying for the corporation they will have developed a workable plan with measurable goals. They will quite naturally monitor their progress.

X. It is reasonably evident that collectively all the economic development programs and initiatives are not gaining materially on the problems they are meant to resolve. This is not a program deficiency, there simply is not sufficient commitment of capital and human resources. In all but a few communities of those where sufficient data was available, job creations through economic development didn't keep pace with the work force population increase. Nevertheless, it is evident that just keeping pace would not be adequate as there is a sizeable backlog of permanently unemployed and underemployed people.

In the sample communities, the number of permanently unemployed people (or social assistance recipients who could work) could not often be determined, due to the nature of social assistance administration, the availability of records and the current economic times. The number of people who are generally underemployed, dependant on stints of "make-work" and unemployment insurance benefits was not readily available.

Of the 29,080 B.C. & Yukon Indians¹ of work force age living on reserve it is estimated 10,100 were employed in 1979 (1) (a 34% success rate). To bring this to the B.C. norm of 55.4%, 6,000 new jobs would be required. The 13,551 working age Indians living off reserve would require on a proportional basis, 2700 jobs. It is doubtful that all economic development activities, which created 1,100 jobs or so since 1976, has created 1500 permanent viable jobs in the decade. It is reported that local government created close to 1,000 additional jobs² for a total of approximately 2600 jobs.

1. Data from the Economic development & Employment Task provides no separate B.C. breakdown
2. B.C. Regional Program Review 1979.

The Economic and Employment Development Task force sees in the next decade an increase of nearly 10,000 in the Indian work force of B.C. and the Yukon, or a requirement for an additional 5500 jobs. A vast increase in financial and human (or delivery) resources is required.

Providing more money through the existing delivery programs will not suffice. Such an attempt by the Special Project Fund appeared to be of little impact. The present human resources can hardly meet the present program needs.

Disregarding the considerations of diminishing returns that will likely occur and based on constant dollars, the 13,000 to 14,000 jobs required over the next decade will require an investment of some 5 to 6 times the current annual rate.

- XI. It is evident that many of the problems associated with delivery would be mitigated by Indian control of economic development. To wit -
- the role and trust problem,
 - the need to recognize differences between Indians,
 - the co-ordinating of multi sources,
 - reduction of vacancies and staff turnover.

The number of agencies and the variety of programs in the field make a turnover of control a complex issue. There is also the question of the readiness, capability and capacity of a new organization to respond. Finally, the needs of the sectoral programs versus the balance of the programs is a complex issue. A means of negotiated turnover is an essential development.

XII A SCENARIO OF A POTENTIAL MEANS OF IMPLEMENTATION OF
COMMUNITY BASED DEVELOPMENT CORPORATIONS

The following comprise a possible method to implement a mechanism that could meet the needs of bands whose development capability and opportunities exceed current program capacities.

a) A number of bands be nominated to present a preliminary application for a local economic development corporation.
A successful preliminary application to the major economic development funding sources would indicate eligibility and secure a budget to prepare a detailed final application.

While preliminary applications could be welcomed from all Bands and groups of Bands, a basic minimum total population would be essential for local corporation success. This implies that small Bands should be encouraged to join through a Tribal or area structure. A high record of success in project survival and demonstrated administrative control systems would be key items in the assessment of preliminary applications.

At present, we would estimate that there are at least 4-6 groups in B.C. who could qualify for final applications immediately.

Final application would require that existing band plans be revised as required to address the opportunity at hand. (It is recognized that the bands created their current plans to be directed at various sources). The revised plan would likely include (i) a local opportunity analysis, (ii) action plan and goals for Job creation, (iii) administrative plan and funding, administration guidelines (iv) plans for provision of management services to their clients, (v) plans for provision of technical services to their clients. The costs of these plan revisions would be covered by a grant to successful preliminary applicants.

b) During the fiscal year 83/84, 4 to 6 eligible bands should have final applications approved and funding secured.

Funding could be provided in the following types and amounts:

- 1) operations costs for a multi-year period,
- 2) a Loan fund to be built up over a multi-year period,
- 3) Grant and Equity money commensurate with their per capita share of Regional resources from various sources and their own equity.

Band/Tribal Councils will provide equity to the Corporation commensurate with their financial strength and make provisions for future injections.

The Corporations should also be eligible for ARDA assistance on a one-time basis. Provisions for a commitment for future years' funding must be made in fiscal 83-84.

c) The Central Organization if it is desired by individual members should be funded in the short term by the government and eventually by the members. It is assumed that provisions for the two existing Community Development corporations to partake and contribute will be made.

d) The community controlled funds could be placed in an "Indian Trust" fund. This will avoid taxation of earnings, but more importantly, vastly simplify loan security as Indians can, under Section 89 of the Indian Act, seize items secured on reserves.

e) The trusts could be empowered to:

i) make long-term loans up to a specified sum, subject to the applicant providing a measure of equity,

ii) make interim loans to a specified sum to interim finance approved Grants or Loans from any other source,

iii) Guarantee loans from commercial sources for purposes described in (i) and (ii) above.

iv) invest in equity positions in local opportunities.

v) make grants to individuals in conjunction with loans to meet extraordinary items up to a fixed proportion of loans and individual's equity invested in those cases where an equity investment is impractical (i.e. farms).

f) Over the long term, with the proposed system in place, the service could expand to address the needs of non-members, less developed Bands. This process of reaching down the line could eventually lead to complete Indian control of B.C. Indian Economic development activities while simultaneously diverting the "National Programs package" thrust of DIAND and other departments to a community based perspective.